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ABSTRACT

This study tried to determine if the new methods of budgeting and new organization instituted by the Boston School System in 1976 appeared to be effective in bringing runaway spending under control. Data were gathered through interviews with school department personnel, consultants, personnel in agencies responsible for school monitoring, and members of public interest groups. Budget and enrollment figures since 1962 were gathered. Formulation and approval of the budget were analyzed and an operations analysis of the effectiveness of the school department and old and new budget systems was done. Findings indicate basic weaknesses in the previous formulation of the school budget but that the new cost-centered system promises significant improvement. Deficit spending is the fault of factors outside the control of the school system. Special education and bilingual education account for some budget increases. The costs of desegregation, often cited as causing school budget inflation, are less significant than previously thought. The collective bargaining system also causes budget inflation. At the roots of the school system's problems are past Boston School Committees with little expertise or responsiveness to the public, although this situation promises to improve. Administrator roles need to be clarified and the level of administrator expertise improved. (Author/JM)

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AN EXAMINATION OF THE BOSTON SCHOOL SYSTEM'S BUDGETARY PROCESS

by

Jeffrey Polinsky

(Submitted in partial fulfillment of the requirements for the Bachelor of Arts Degree, with Honors, College of Liberal Arts, Boston University, Department of Political Science)

December 12, 1977

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I would like to give my thanks to the people that supplied information, advised, and assisted in the writing of this study. First of all I want to recognize the other two contributors, Professor Christine Rossell, for her writing of the section entitled the Comparative Study of the School Budgets of Eight Cities, and Mark Peters, for his overall assistance in the researching and writing of this study. Special thanks must be given to Carl Prussing, of Ernst & Ernst, and David Bernstein, of the Boston School Department for all of their help and cooperation. Finally, I would like to express my appreciation to Professor Christine Rossell and Professor Harvey Boulay, the faculty advisors to this Distinction Project, for their patience and assistance over the past year. Without their contributions and help this study would not have been possible.

Jeffrey L. Polinsky
December 12, 1977

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I. Introduction: The Problem

Seven out of 10 parents of Boston public school children don't think the quality of education is worth the tax money spent on it, according to a poll commissioned by the Boston Globe.[1]

This poll illustrates the public's attitude toward the Boston school system; an opinion that has been echoed by school department personnel, independent research groups such as the Boston Municipal Research Bureau, and members of the Boston financial and academic communities. The amount of money spent on the Boston school system has increased dramatically since 1970, from 83.3 million to a present fiscal year projected expenditure of 175.6 million. In this same time period enrollments have declined from 94,887 in 1970 to 69,521 in 1977.

In F.Y. 1976, after a record $23,269,111 deficit, the Boston School Committee voted to hire a budget specialist, David Bernstein, to head a new budget management office aimed at ending the spiraling school expenditures. The objective of this paper is to determine if the new methods of budgeting and the restructuring of the chains of authority within the school system can and/or do effectively bring runaway spending under control. This analysis will be made in the light of the school desegregation issue, since this has put additional strain upon the school system. Desegregation also has been often blamed for the cost overruns, and analysis will be made to determine the accuracy of those claims.

This study was begun in November of 1976 with four specific objectives in mind. We planned to determine:

1) The defined roles of the administrative personnel within the school department. The central emphasis was on the budget and the personnel who assist in or influence its compilation.

2) I analyzed both the old and new budgetary systems. This was done with the goal of logically explaining the past and present systems, and then evaluating the changes, improvements, and faults of the new system.

3) I hoped to determine the reasons behind the escalating budget requests. The Boston school department has overspent its appropriation every year for the past five years, and it is projected that it will overspend this year by approximately 3.5 million dollars.

4) I hoped to identify specific areas within the school department that are problematic and need correction. What I eventually concluded was that the problems are difused and well entrenched throughout the system.

There have been many extensive studies of the Boston school system and its financial operations since 1970. The first and probably the most famous was the Cronin Report, followed by the 1974 study done for the school committee. There were also two financial reports done by one of Boston's foremost municipal watchdogs, the Boston Municipal Research Bureau (BMRB). Finally, there was a report done by the school committees budget reformer, David Bernstein. All of these reports discussed similar perennial problems of the school department: ineffective budgeting systems, a lack of fiscal accountability, and a lack of responsible administration. Each of these reports, and their particular findings, will be discussed later in this report.

The fiscal health and effectiveness of the school department cannot be completely understood without also looking at its superstructure, the city of Boston. Many of the problems of the schools result from deficiencies at the city level. The Mayor and some city officials have found the school system to be an excellent scapegoat, and in previous years have entirely blamed the school department for city tax increases. The issue here is not whether the school committee wastes money or not, but whether the school department and city budgets can be used as political tools.

The information contained within this study can be broken down into different areas, each representing a different source or type of information.

1) The initial set of evidence, comprising much of the background information on the school department, was gathered through a series of interviews with school department personnel, private consultants engaged by the school department, the agencies responsible for school monitoring (CCC, CPAC), and with public interest groups such as the Boston Municipal Research Bureau.

2) Assembling the empirical data entailed gathering budgets and enrollment figures for the Boston School Department dating as far back as 1962. This information was used in the school departments budgetary operation. Tables illustrating this information were compiled so that visual correlations can be made between appropriations, expenditures, enrollment, and staffing needs. (see graphs 1-3)

3) The third stage involved a study of the political heirarchy within the city and the school system. This portion of the study explains how the annual budget is analyzed by the city and who determines the level of funding the school department will receive. There is also some analysis of the political impact of the school budget.

4) The fourth step is an operations analysis, in which the effectiveness of the school department is discussed. The old and the new budgetary systems are analyzed here, as well as a study of the newly implemented budgetary systems.

5) There is a comparative budget study, in which the fiscal operations of the Boston School system are compared to the budgetary operations in six other cities. This is done in order to shed some light on the important question of whether or not Boston spends an excessive amount on its schools as compared to other similar cities.

Of course a study of a problem this large in a system under stress was not without its difficulties. Some of the problems that were encountered while conducting this study were:

A. A lack of concise information relevant to the issues we were studying. We had specific problems finding information or school department directives concerning the roles or assigned duties of the central administrators.

B. There is no central information office where school department information can be acquired. An office is needed where budgets, enrollment figures, and school department reports can be seen and used. Under the present system, this information is scattered everywhere from the readily accessible Boston Public Library to the BMRB to the impregnable school department headquarters.

C. At times school department personnel were unresponsive to questioning and requests at best; and rude and insulting at worst. Usually the higher up the administrator was that we dealt with, the more co-operative they tended to be. Bureaucratic delay was also a big problem, in which every minor request had to be submitted through official channels. Then it usually took them about one month to send out an answer.

D. We began our study of the Boston school department by interviewing different school department insiders and outsiders in order to gain an overall picture of school system operations. Except for special exceptions, it appeared that the typical school department person had very little concept of the school system beyond his or her particular job. It was therefore very hard to find out how certain operations related to the whole. This was an impediment to our attempts to gather objective information relating to individual experience and interaction.

II. The School Studies: a repeated call for reform.

Before presenting the results of this study, it is useful to review the debate that has raged in Boston concerning school finance and administration.

Since 1970 at least two books, four extensive papers, and an enormous number of newspaper articles have been written analyzing, criticizing, and occasionally praising the operations of the Boston School Department.

The various studies all deal with the same problem areas of the Boston School Department. These are:

1. Lack of a modern and efficient budgeting system.
2. Lack of clearly defined personnel roles.
3. Lack of accountability of services throughout system.
4. Incomplete utilization of business and university community resources.
5. Ineffective organization of administration
6. Top-heavy (oversized) bureaucracy and teaching faculty.
7. The common practice of incurring deficits.

The Boston school department, much like the city bureaucracy, has for many years been characterized by inherent problems. The city's political machine has had problems keeping pace with the growing school bureaucracy and complex budget. These problems have resulted in a need for the rapid development of a new financial management system.

In study after study of the school department similar problems have been revealed and criticized. The BMRM's emergency task force commented that they have "...found a disturbing tendency (by the school department) to study and restudy problems, often at considerable expense, rather than make the hard decisions that are required to put study recommendations into effect."[2]

Each study does have its own particular emphasis, so the following will be a short summary of the particular aspects of each study that relates to the question of budgetary control.

The Cronin Report, commissioned in 1969 by school committee chairman John Kerrigan, discussed a variety of problem areas within the school department. They found that there were problems with the 'flow of reports and information,' 'evaluation procedures for programs and personnel,' and 'distribution of responsibilities.' They brought out the fact that the school department lacked "modern management techniques in preparing the budget for review by the School Committee, City Council, and Mayor."[3] This report recommended that "The Boston School Department should prepare to adopt a program budgeting system to encourage more rational decision making about resource allocation."[4] They also mentioned that there was 'potential for using business community's resources,' which had not been utilized up to that point.

The 1974 Management Study of the Central Administration concluded that it would be necessary to completely restructure the school system, from the present centralized staff-directed system to a decentralized organization in which headmasters/principals are given much more authority. They felt that a restructuring would reduce the broad powers of the central school department. The present bureaucracy would be simplified under their plan, which calls for one chief executive to manage the school system.

The Boston Municipal Research Bureau also published several studies of the operations of the school system. They entitled their most significant work The Report of the Emergency Task Force on School Costs. This paper, like the 1974 report, called for serious administrative and budgetary reforms. They stated that "We believe that reduction of central staffing and decentralization of decision making will not only save taxpayers dollars, but will provide a better educational product for the school children of Boston." The BMRB proposed that a 20% cut in central administration and staff would be desirable, with those administrators returned to their tenured positions within the schools.

The BMRB also recommended establishment of a budget management system that would provide for efficient budgeting and monitoring of expenditures. One important role of this system would be to terminate the fiscal overspending by the school department. "The old practice has been not to regard the budget totals as the legal limit on annual spending, but to incur deficits."[6] This can be seen by examining Graph 1, which shows that the school department has overspent its budget for the past 5 years, with a 3 million deficit projected for Fiscal Year 1978. In order to implement this system, the report continues, the school department should use technical assistance that was volunteered by the John Hancock Insurance Company.

The BMRB's report Boston's Fiscal Crisis: Origins and Solutions goes into a more detailed analysis of statistical and budgetary aspects of the school budget. This study includes various informative tables of enrollment, expenditures, appropriations, federal funds, and a breakdown of the costs of desegregation for FY 1975 and FY 1976. One significant conclusion they arrive at is that the school systems budget problems cannot be significantly attributed to court ordered desegregation. The BMRB states that through FY 1976 (1974-76) desegregation has cost 17.8 million.[7] This figure also does not represent the state and federal reimbursements that the city has or will receive, which is considerable. The cumulative costs of desegregation for the 1974-76 period was approximately 10% of the entire FY 1976 expenditure (see Graph 1), yet desegregation is the most frequently cited, and criticized aspect of the budget whenever overspending is mentioned.

This report states that from 1971 to 1976 school costs have increased 80%. "Poor management and the unwillingness of the school administration to reduce expenditures to stay within appropriations are critical factors contributing to the extraordinary increase in school costs."[8] Both BMRB reports come to this conclusion that the most serious problem the school

department has faced in the 70's is an inability to manage their own finances. It is a critical problem that must be corrected in order to prevent further financial shortages for the school department and the City of Boston.

On December 9, 1976 David Bernstein, the director of the budget management office submitted a report to the school committee entitled The City's Financial Crisis and the Boston School Department. This paper attempted to refute claims by other reports and city officials that the school department was responsible for budget overruns and the high city tax rate. The report began by stating that the annual deficits were tolerated and even encouraged by city officials. The city government actually caused deficits by the underfunding of school budget requests. "The practice of underfunding the school budget can become a useful tool of city hall in the manipulation of the tax rate, shifting the blame (for the increases) to the school department, and confusing the electorate."[9] Mr. Bernstein elaborated upon this problem area by stating that the annual school appropriations awarded by city hall were the result of 'arbitrary decisions', and that city hall is incapable of objectively evaluating school budget size or efficiency. Another chronic problem is caused because collective bargaining only takes place in the fall before school begins. This results in a distorted budget because the collective bargaining raises are not included in that year's budget.

Bernstein's report concludes by re-emphasizing the fact that the school department was not primarily responsible for the large city tax increases. The school department is actually at this point doing more than most other aspects of city government in the area of internal reforms and controls. Budgeting systems are being refined and replaced, and a greater responsibility to the public is being taken on by the school department.

As these reports indicate, the Boston school system has very basic problems that have been apparent for at least eight years. The fact that study after study has revealed identical problems strongly indicates a lack of dedication and initiative to reform among the political and educational leaders of Boston. Only recently, in FY 1978, has the school department actually implemented some of the reforms proposed as far back as 1970. There are several reasons for the implementation at this time. The most credible reason given is that the Boston school system has been rapidly draining all of its financial resources. The entire financial condition of Boston has been shakey, and a continually wasteful school department could have ruined the city.

Another theory attributed the reforms to the effect that school desegregation and court scrutiny had upon the system. Judge Garrity has in the past required the school committee to reduce the number of teachers and come up with a viable budget. The Judge's influence on the city since 1974 seems to parallel the movement for budgetary reform. For example, "...Judge Garrity has established a special committee to report to him of agreements and disputes concerning teaching personnel and certain other costs for the 1976-1977 school year."[10] The problem may not be lack of dedication to reform but political conflict as to who is responsible for the problem and who should "pay" for reform.

III. The School Budget: Past, Present, and Future.

The Boston Herald of 10/26/77 stated in its headlines that "Boston running most expensive schools in U.S." Robert Healy of the Globe called for "necessary financial reform" (1/28/77), while journalist Warren T. Brooks condemned "ballooning payrolls." The Globe reported on November 24, 1976 that "Hub schools spend at no-deficit pace" (11/24/76), an extremely irresponsible activity considering the school department finished the year with a deficit of 4.5 million dollars.

The budget of the Boston school system is a fairly complex document intended to establish funding formulas and spending levels for the upcoming fiscal year. In the years preceding Fiscal Year 1978 the budgets were broken down by broad categories and did not itemize spending. F.Y. 1978 marked the implementation of the new cost centered budget system designed to provide much greater cost itemization and accountability.

The intent of this section of the paper is to provide an explanation of the school budget's previous organization, present transition, and future system expectations. This will be followed by a description of the power structure of the school department and the city that affects the proposed budget.

Finally, there will be a comparative study presented in which the budgets of seven cities will be broken down and analyzed next to the budget of Boston. This section will reveal national trends in school spending, pupil-teacher ratios, average teacher salaries, size of administrations, and effect of desegregation on spending in medium-sized cities. From this information inferences can be drawn as to whether Boston spends too much or too little on its schools, based upon the expenditures made by other similar city school districts.

The School Budget:

A. The Past

The Boston School Budget has traditionally consisted of two parts, one for

General School Purposes (GSP) and the other for Alterations and Repair (A&R). GSP funds go toward paying the salaries of the teachers, administrators, and nurses; for the transportation of students; for the operation and maintenance of the physical plant; for the food services; and for community services. The A&R appropriations go toward some alteration and repair of school buildings; for furnature, fixtures, fire escapes, and for improving school yards. Major alterations and building additions may be financed by the city, depending on the availability of A&R funds.

The General School Purposes and the Alterations and Repair budgets were formulated incermentally. They were based on historic spending patterns, so that if one program had received more funds than another in previous years, then it would probably continue to get that extra amount in the latest budget. The total appropriation request for the upcoming year was incremental in nature; figured by adding small (or large) amounts to the appropriation figures of the previous year.

Theoretically personnel and supply requests were formulated by the school headmaster/principal on a per-pupil basis and passed on to the district superintendent. The district superintendents then passed the requests on to the associate superintendents for the various services, along with their own budgetary input. There are associate superintendents for support services, pupil services, personnel, instruction, program funding (special programs), and vocational/occupational education. The associate superintendents then pass along the requests, along with their own budget proposals for their departments, to the business manager.

This budgetary system was totally vertical in nature, with input traveling directly along the chain of command. There was very little cost accountability from the department heads, and a budget submitted was often not thoroughly reviewed in the school committee sessions. Under the old budgetary system a request by an associate superintendent, or even a principal, was rarely, if ever returned for revision or deletion.

The Business Manager assembled the various appropriation requests into a document known as the Estimate of Proposed Expenditures; General School Purposes. At this time the business manager also received the proposed budget for alterations and repair, which was prepared by the department of Planning and Engineering.

The proposed budgets for GSP and A&R were in the past submitted by the the business manager to the School Committee for inspection and approval. Only the School Committee has the power to make line-item corrections in the proposed budget, yet they seldom utilize this power. "Overall review by the School Committee of the spending requests over the years has been most infrequent and has usually occurred at the request of newly elected School Committee members who wish to acquaint themselves with the school operation." [11] In an interview with the Boston Herald School Committee Chairman John McDonough was asked to describe the school budgeting system. His reply was: "That's been a mystery to all of us." [12] From statements such as this, one cannot help but wonder why the School Committee had any authority over appropriations they couldn't understand.

Once the School Committee is satisfied with the appropriation proposals, they send the finalized version to the Mayor's office for consideration. The Mayor and the City Council cannot make line-item changes in the proposed budget. Their power is limited to making lump sum appropriations.

B. The Present and Future: The New Budget Management Program.

The new Budget Management Office was created by the School Committee in 1976 with the intention of using this resource to upgrade the budgetary process of the school system and improve fiscal management in general. Prior to the adoption of budget-management standards, there was no systematic method used to evaluate the actual financial needs of the school system, or mechanisms present to monitor spending by school and departments. The School Committee practice of deficit spending above its appropriation could not be continued because the city had dwindling financial resources. This fact, coupled with intensification of attacks upon the school committee charging them with advocating deficit spending and mismanagement stimulated them to action. Their course of action was the establishment of the new budget management office.

The Budget Management Office has a director, David Bernstein, and two budget analysts Deborah Buresh and Loraine Morin, who are all under the supervision of the School Committee. The School Committee is responsible for authorizing the activities in which the budget director and his staff are engaged. The objective of this new office is to correct the serious financial problems of the school system.

The Budget Management Office has implemented several new programs in order to establish a well defined budgetary process. The cost centered system was designed to identify and evaluate costs for providing educational services. They also instituted procedures for monitoring spending by school administrators and for making recommendations to aid in the compilation of the School Committee's proposed budget. As stated by the budget management director, David Bernstein, his office is "a central part of all efforts toward management and cost control within the school system."[13]

Before this system was installed it was very difficult to determine where overspending was taking place.

1. Cost Center Budgeting.

"The decentralized approach to budgeting is expected to cut school costs in 1977-78 by as much as 10 percent."[14] Cost Center Budgeting was the management tool developed by the new budget management office with the assistance of financial experts from the John Hancock Co. "Robert J. Lamphere, senior vice president of John Hancock, said the new budgeting system represents just one aspect of the business community's commitment to the public schools."[15] The objective of this system was to identify and evaluate all costs for the school system.

Cost center budgeting delegated budget management responsibility to certain educational personnel such as headmasters and principals to prepare, justify, and implement the budget for their particular cost center. The objective of cost center budgeting is to develop cost awareness among those people responsible for spending: thereby making them accountable for their actions. One objective of this system is to include all administrators in the budgeting process.

"Each school has its own budget, subject to systemwide guidelines. Programs will be budget on a school-by-school basis. Principals and headmasters must 'manage and be accountable for' their budgets. All administrators-both local and central office-be assigned to one of 250 'cost centers,' established throughout the city."[16]

The measurement devised to evaluate cost centers is the unit cost. It is defined in the Budget Manual for the Boston School System as "an analytical tool to analyze variances among expenses, services provided, programs, etc." The unit cost (ie. cost for a certain amount of services) is arrived at by dividing the total cost of a service or program by the number of units identified with that service or program. [17] For example, to evaluate the

cost of providing school based administrative services for a particular program, one could divide the cost of program administrative services by a unit such as the number of students at the school participating in the program. This equals the per-pupil cost of that service, or in other words, the unit cost. Budget personnel are, through effective use of this system, going to be able to identify spending deviations away from prescribed levels of expenditure, thus facilitating effective cost control. The actual output of each cost center will be analyzed to guarantee that maximum utilization of resources at the lowest cost is achieved.

Budget formulation is preceded by School Committee announcement of ceiling level budgetary figures for the next fiscal year. Budgetary estimates may not exceed that target level set by the committee. A time table and step-by-step outline of budget formulation is followed by cost center managers at appropriate school and department level, and their budget requests are also reviewed by the Budget Management Office staff. The decision-making apparatus for budgetary formulation begins at the school level, where original supply and personnel requests are made. Eventually, after a refinement and evaluation process in which associate superintendents analyze and return for revision the requests to the school or department level, budget requests for cost centers are sent to the four Chief Administrative officers of the School Department. These four people are the Business Manager, Secretary to the School Committee, School System Superintendent, and the Chief Plant Engineer.

This system requires considerable reworking of the preliminary budgets at the lower level of the decision-making heirarchy before requests reach the upper level of the Chief Administrative Officers. This prevents needlessly wasting the time of the School Committee people by having the budgets sufficiently refined before they are submitted for final approval. Once that is completed the budgets from the cost centers managed by each administrative

officer are submitted to the Budget Sub-Committee of the School Committee for review. The Budget Sub-Committee holds open hearings on the budgetary proposal, during which the public can comment upon the tentative budget.

Throughout this process the Budget Management staff has been giving recommendations to the Budget Sub-Committee concerning expenditure requests. Because of their expertise in these matters, the budget staff exercises significant influence on the budgetary formulation process.

Finally, actual expenditure commitments are reviewed by the full School Committee. Once proposals are approved they are compiled into a large document called the Proposed Budgets of the Boston Schools. All costs are listed for all of the cost centers in the new line item format, which accounts for the larger size of the new budget.

2.. The Computing System.

A mini computer has been recently purchased by the school department in its drive for financial accountability. This system, installed by the Boston consulting firm of Ernst & Ernst, uses a highly sophisticated Datapoint computer as its basis. According to Carl Prussing, the project coordinator, "The original intent of this system was to assist Leo Burke (school business manager) in ordering textbooks." Ernst & Ernst was commissioned to do a study of this problem in the Spring of 1976, and concluded that "the real problem was in ordering all school supplies, which accounted for roughly 30% of the school departments's 171 million dollar budget".[18]

A contract was signed between the consulting firm and the school department under which Ernst & Ernst would acquire a computer and then design and install a school supply management system. The deadline for completion of the contracted work was July 1977.

At the same time as this work was taking place the cost centered budgetary system was being developed and implemented by the new budget management office. From the beginning delays plagued the installation of the computing

system. The computer used by Ernst & Ernst was discovered to have capabilities far beyond those contracted to be utilized. It was revealed that when programmed properly the computer could monitor personnel, enrollment, payrolls, total system expenditures and appropriations, identify present budgetary surpluses in particular accounts, and even make out checks. School department personnel, in particular the new budget management staff, began encouraging the creation of a total school management system to be directly coupled with the new cost centered budget.

While this was possible, it ended up causing great delays in the completion of the originally contracted work. In addition, there were other reasons for delays, such as:

1. Late arrival of data needed from the City of Boston.
2. Inefficiently and improperly entered data.
3. Delays in acquiring and installing of Datapoint equipment.
4. Lack of communication between school department and consulting firm.
5. Schedule confusions - inability to keep to deadlines.

Ernst & Ernst expect that they will be able to sign a new contract with the school department to continue work on a total facilities monitoring system. This will be done as soon as they complete the previously contracted work, approximately in mid-February of 1978. Until then they are doing a combination of contracted/uncontracted work at the ratio of 60/40 so that previously promised systems can be completed while the work on new ones can be continued. Since they presently lack a contract Ernst & Ernst have been doing the work at no charge. The reasons for this are:

1. They have not completed the originally contracted work yet.
2. They would like to install this type of system in other cities; therefore a successful prototype in Boston is essential.
3. Like John Hancock, this firm would like good community relations and are therefore acting upon their 'commitment to the people of Boston'.

Once implemented, this system will represent the heart of the program of fiscal controls within the school department. What it replaces are huge accountants journals and reams of papers and forms. It is essential to have a sophisticated computer such as this to realistically keep track of the growing number of accounts and services of the school department. Eventually this computer will be used to assemble and print up the entire school budget. This year the school department used John Hancock's computer, something it cannot do forever. At any rate, the school department's arrangements with Ernst & Ernst have proven to be both technologically and financially advantageous.

IV. The School Committee and the City Bureaucracy: The Passage of the Budget.

The School Committee possesses supervisory and approval power over most aspects of the school system, in addition to their role of budget supervision. The many duties of the School Committee include:

a. appointment of all personnel, including the Superintendent, the various Associate Superintendents, the District Superintendents, the Headmasters/ Principals, the Business Manager, The Structural Engineer, the nurses, custodians (some are civil service), and most importantly, the teachers;

b. As discussed previously, the committee is responsible for the preparation of the fiscal Budget of the School Committee of the City of Boston. This budget is based on their statutory appropriating power, which in essence is a guarantee by the city to finance the Boston public schools at a level equal to that of the previous year's appropriation;

c. the "Supervision and direction of the public schools of the city and the general charge and superintendence of the public school property of the city;[19]

d. through the Chief Plant Engineer, the guarantee of needed maintenance, repair, and alterations on school buildings; and

e. The authority to conduct various programs of special education.

Review by the School Committee is the final step that the budget has to pass before the budget is sent to the City Council and Mayor. This final check is simply procedural, since the budget has by this point been analyzed and re-analyzed many times. The school committee-people change anything they don't like, and then approve the budget.

The School Committee sends the proposed budget to the Mayor's office for consideration. The Mayor of Boston confers with the City Auditor, Collector-Treasurer, and Budget staff in order to determine both actual school budget needs and whether the city can finance the proposed level of expenditure. The City Auditor and the Mayor's Budget Director have an estimate of revenues from the various sources, including taxation, which they use as their basis for city expenditures. In addition, the Mayor uses outside sources to review the school budget. The Boston Municipal Research Bureau is one independent agency frequently consulted by Boston's Mayors. "The budget review and suggestions by the Research Bureau have frequently been accepted by the mayors as their own." [20]

The Boston school system is by statutory authority guaranteed funding for Boston city schools at the level of the previous year's <u>appropriation.</u> The Mayor's job is to recommend to the City Council the amount that he feels the City should fund the school department <u>above</u> the statutory appropriation. He can recommend all of the School Committee's request for funds, or a part of the request. The Mayor cannot enforce any specific item cuts or additions in the proposed budget. Only the School Committee has that power. The Mayor can only recommend a lump sum appropriation.

The City Council then votes to appropriate the funds from the city that the Mayor has recommended. The City Council can allocate any sum up to or equal to the spending ceiling set by the Mayor. They cannot make any changes in the School Committee's proposed budget. They also cannot appropriate anything in excess of the Mayor's recommended level of funding,

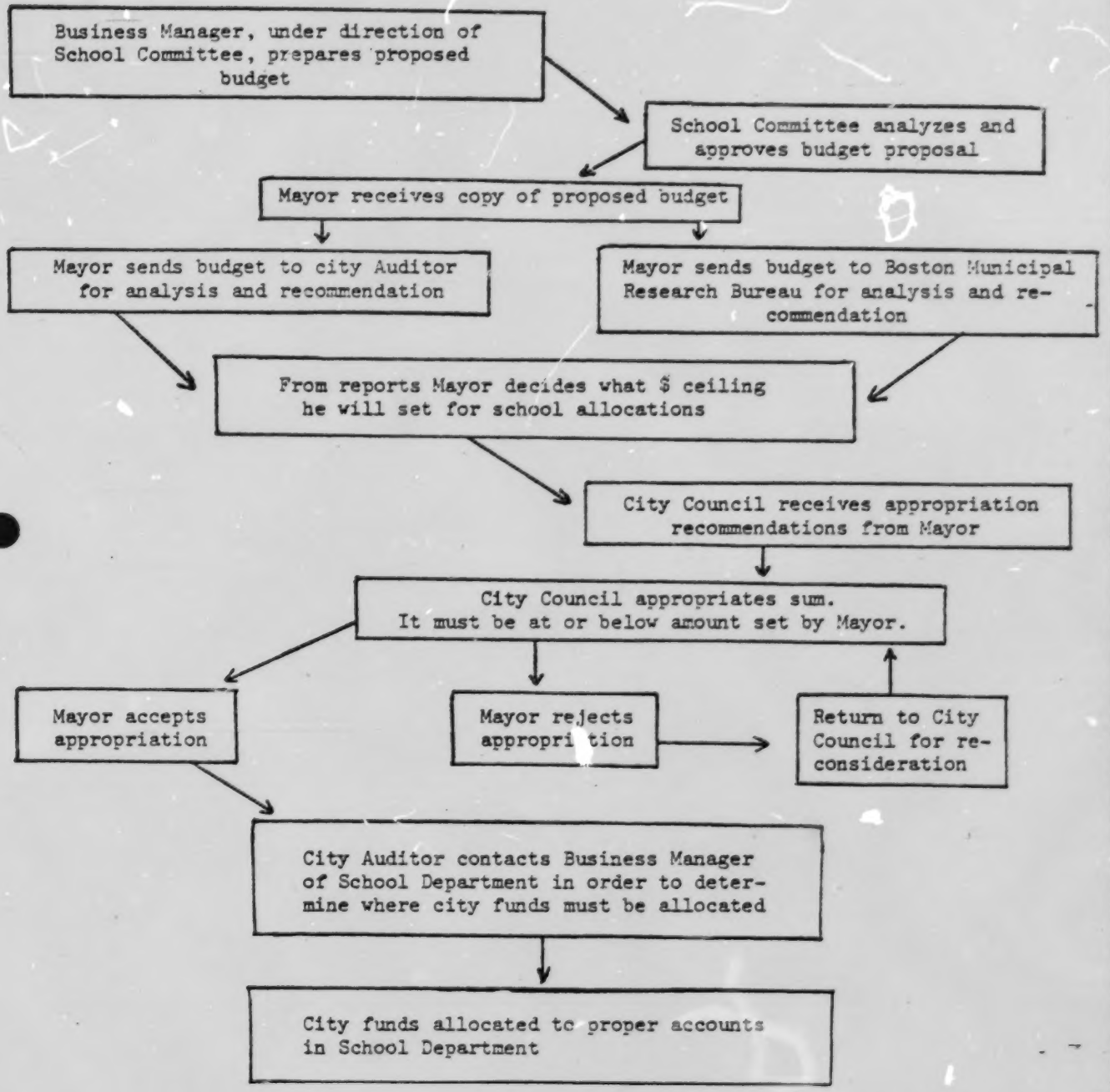
but they can and often do appropriate less. Once the City Council completes the deliberations upon the allocation, they vote on it. The City Council then notifies the Mayor of their decision.

If the Mayor deems the allocated insufficient to run the Boston school system then he may request that the City Council appropriate additional funds. This did actually take place during the deliberations on the Fiscal Year 1977 budget. When the Mayor is finally satisfied that the City Council has appropriated sufficient funds for the operation of the school department he allows the City Auditor to contact the Business Manager of the School Department. These people arrange for the distribution of funds to the proper school department accounts.

There have been many problems and conflicts related to this process of review and allocation by the Mayor and City Council. These problems have from time to time flared up into publicized conflicts between the City Bureaucracy and the School Committee. (See Boston Globe; 12/10/76 "School Committee Hits Back") What has generally happened is that the Mayor blames the School Department for causing high city taxes, which the School Committee rebuts by accusing the Mayor of misappropriating school funds. The last such incident culminated with David Bernstein's report The City's Financial Crisis and The Boston School Department, which is summarized on page 11. This issue, which deals largely with the political impact of the school budget, will be discussed in a later section of this study.

Figure 1

Model of Budgetary Process


Business Manager, under direction of School Committee, prepares proposed budget
School Committee analyzes and approves budget proposal
Mayor receives copy of proposed budget
Mayor sends budget to city Auditor for analysis and recommendation
Mayor sends budget to Boston Municipal Research Bureau for analysis and recommendation
From reports Mayor decides what $ ceiling he will set for school allocations
City Council receives appropriation recommendations from Mayor
City Council appropriates sum. It must be at or below amount set by Mayor.
Mayor accepts appropriation
Mayor rejects appropriation
Return to City Council for reconsideration
City Auditor contacts Business Manager of School Department in order to determine where city funds must be allocated
City funds allocated to proper accounts in School Department

A Comparative Study of School Budgets

We can get an idea of whether or not the Boston school budget is larger (or smaller) than it should be by comparing it to other school districts of similar pupil enrollment. (Budget books can be obtained from other school districts by writing to the "Office of Budgeting and Finance, "Name of School District, City, and State.) For the purposes of this study seven other school districts were selected that had pupil enrollment similar to Boston (from 62,000 to 80,000). Four of the school districts (San Francisco, Denver, Las Vegas, and Charlotte) have desegregated under court order since 1970, and three have not. Table 1 shows the source of revenue for each of these school districts and their total expenditures for fiscal year 1977 (or calendar year 1976) ranked by their per pupil expenditures. Boston is far and away the biggest spender even among those school districts that desegregated under court order and have the same proportion minority (or larger) as Boston (e.g. San Francisco and Denver). It is almost a thousand dollars per pupil greater or one-third larger than its nearest competitor, San Francisco. The greater per pupil expenditure is not a function of the fact that Boston only recently implemented desegregation and has new implementation costs. In fact, Denver desegregated in Fall 1974, the same year as Boston, has about the same proportion nonwhite, and their per pupil expenditures are more than a thousand dollars (i.e. one-third) less than Boston's.

Part of Boston's much greater per pupil expenditures could be a result of the much greater federal aid Boston gets compared to other cities. However, this is not the explanation. If we exclude federal funds, Boston's combined state and city funds are still almost $70 million greater than its nearest competitor, San Francisco.

TABLE 1

TOTAL REVENUE AND EXPENDITURES

	Revenue Source			Total Expenditures	Total Per Pupil Expenditure
	State/Co.	District/City	Federal		
Boston	6,890,603[a]	213,889,640	28,177,738	$243,957,981	$3,475
San Francisco	21,300,000	131,200,000	24,500,000	$177,000,000	$2,554
Las Vegas	46,259,649	53,316,881	2,301,300	$101,877,830	$1,261
Denver	49,980,284	106,574,160	19,593,829	$176,148,273	$2,420
Charlotte	71,113,247	38,869,574	4,362,695	$114,344,345	$1,419
Pittsburgh	42,925,000	69,995,000	400,000[b]	$113,320,000[b]	$1,816[b]
Cincinnati	24,692,000	51,729,000	2,020,000	$ 81,212,830	$1,184
Newark	92,708,620	21,503,490	7,112,590	$121,324,700	$1,733

[a] Does not include Chapter 70 and other education reimbursements that go into the city general fund.

[b] Does not include funds for special programs.

Boston does not compare favorably to other school districts within budget categories. (Note: Boston's 'alterations and repairs' budget and other school fixed costs were added to the general fund budget so it conforms to other school district budgets.) Several patterns emerge here. First, as Table 2 indicates, there is a lot of variation among school districts. In the category of administration, Boston spends the most--$6.3 million while Las Vegas (desegregated in 1972) spends the least--$1.5 million. Since Las Vegas has a higher enrollment than Boston (although less schools), we can assume that a school district can in fact get along with spending only $1.5 million on administration. Excluding Boston, the average across all cities is $3.9 million, across desegregated school districts, $3.9 million, and undesegregated school districts $3.7 million.

The unit cost of administrative services is indicated in Table 3. Boston's per pupil administrative costs are also greater than any other school districts, including Denver. However, because the entire Boston school budget (virtually every category) is larger than others, the proportion of the budget spent on administration is actually lower than other school districts (see Table 4).

Boston also spends more on instruction than any other school district--$122 million from the general fund. This translates into a per pupil cost of $1,743 (Table 3)--more than any other school district. Again, because Boston's entire budget is bloated, the proportion of the total spent on instruction is actually less than other school districts. Boston also spends a smaller proportion of its budget on teacher salaries than most other school districts, although the per pupil cost is greater. This greater per pupil expenditure on teachers' salaries is the result of two factors: (1) Boston has a lower pupil-teacher ratio than other school districts, and (2) the average teacher salary in Boston is higher than every other school district except Denver.

The pupil-teacher ratio in Boston is 16 to 1; in San Francisco, 17 to 1; in Denver, 20 to 1; in Charlotte, 20 to 1; in Las Vegas, 22 to 1; Pittsburgh, 18 to 1; and in Cincinnati, 24 to 1. The "average" teacher salary (total amount spent on teachers' salaries divided by the number of teachers) is a little more than $16,000 in Boston, $15,000 in San Francisco, $19,000 in Denver, $12,500 in Las Vegas, $10,724 in Charlotte, $11,432 in Pittsburgh, $13,920 in Cincinnati, and $13,911 in Newark. It is obvious that the big city school districts that have desegregated pay the highest salaries, the undesegregated big city school districts pay the next highest salaries and the county school districts pay the lowest. Perhaps the greater perceived stress in the former school districts gives teachers some leverage in demanding higher salaries.

Boston also spends more than most other school districts in the areas of attendance and health. The per pupil cost for attendance is above the average for the group, as is the per pupil cost for health.

Boston also spends more than other school districts on pupil transportation. Given the degree of desegregation in the other school districts and the number of square miles of the school district, Boston could easily spend

TABLE 2 -- GENERAL FUND

	Boston	San Francisco	Denver	Las Vegas	Charlotte	Pittsburgh	Cincinnati	Newark
Administration (central)	6,265,220	4,078,258	5,975,812	1,545,308	4,540,843	3,861,248	2,818,605	4,482,012
Instruction	122,306,330	89,800,000	104,405,511	65,736,370	74,672,304	53,237,432	50,378,745	74,952,345
Building Adm.	(8,400,000)	(4,950,146)	( )	(4,614,222)	(5,293,272)	(4,035,831)	(6,231,940)	(4,924,814)
Teacher Sal.	(82,800,000)	(66,569,603)	(78,617,824)	(46,074,176)	(41,137,140)	(38,799,310)	(39,044,215)	(55,535,347)
Attendance	876,660	578,106	148,852	163,601	0	863,778	844,400	677,860
Health	1,639,580	205,568	1,850,012	478,940	0	1,091,936	66,370	1,901,402
Pupil Transp.	8,914,610	4,730,835	7,581,824	3,499,409	1,895,832	2,699,550	3,014,705	3,115,811
Plant Operation	15,439,500	9,175,635	14,502,148	9,343,690	5,053,947		8,762,330	12,644,360
Maintenance 5,333,716	408,790 / 4,924,926	3,971,381	5,001,544	3,693,240	7,417,705	17,011,728	3,231,565	2,803,785
Fixed Charges	43,769,761	13,126,187	12,957,523	14,464,700	12,453,729	10,553,026	10,219,520	11,198,956
Food	1,227,230	3,706,502	683,146		160,500	1,000,000	0	8,956,733
Commercial Services	1,019,600	2,060,800	266,641		50,000	62,000	39,935	705,456
TOTAL	$211,812,707	$131,433,322	$153,373,013	$99,925,257	$106,224,360 misc 8,119,485 $114,344,343	$90,380,748 22,939,252[a] $113,320,000	$79,382,175 1,830,655[b] $81,212,830	$121,454,930

[a] Debt services, intersystem transfers.

[b] Debt and capital outlay.

TABLE 2A

CHARACTERISTICS OF SCHOOL DISTRICTS

	Boston	San Francisco	Denver	Las Vegas	Charlotte	Pitts-burgh	Cincin-nati	Newark
# Central Administrators	188	78						
# Principals and Asst. Principals	610	210						
# Schools	187	164	123	101	105	111	106	97
Pupil/School Ratio	375/1	423/1	592/1	800/1	766/1	562/1	647/1	721/1
Square Miles	46	82	68	7,874	530	56	77	24
Enrollment	71,000	69,333	72,775	80,758	80,507	62,422	68,546	70,000
Teachers	4,858	4,425	4,134	3,702	3,836	3,394	2,805	3,992
Pupil/Teacher Ratio	15/1	16/1	18/1	22/1	21/1	18/1	24/1	18/1
Average Teacher Salary	$17,000	$15,000	$19,000	$12,500	$10,724	$11,432	$13,920	$13,911
Year of Desegregation	1974	1971	1974	1972	1971	---	---	---
School Seg. Level	26	21	42	22	13	59	69	78
Residential Seg. Level	80	55	78	92	93	84	83	75

TABLE 3

PER PUPIL COST

	Boston	San Francisco	Denver	Las Vegas	Char-lotte	Pittsburgh	Cincinnati	Newark
Administration (central)	90	59	82	19	56	62	41	64
Instruction	1743	1586	1435	814	928	853	735	1071
Building Ad.	120	72		57	66	65	91	65
Teacher	1180	964	1080	571	511	622	570	793
Attendance	12	8	2	2	0	14	12	10
Health	23	3	25	6	0	17	1	27
Pupil Transp.	127	68	104	43	24	43	44	45
Plant Operation	220	132	199	116	63		128	180
	(296)	(190)	(268)	(162)	(155)	(273)	(175)	(221)
Maintenance	76	57	69	46	92		47	40
Fixed Charges	695	189	170	179	155	169	149	160
Food	17	53	9	0	2	2	0	128
Commercial Services	15	30	4	0	1	1	1	19

TABLE 4 --BUDGET PROPORTIONS

	Boston	San Francisco	Denver	Las Vegas	Charlotte	Pittsburgh	Cincinnati	Newark
Administration	3.0	3.1	3.9	1.6	4.0	3.4	3.5	3.7
Instruction	57.7	68.3	68.1	66.5	65.3	47.0	62.0	61.7
Building Ad.	4.0	3.8		4.7	4.6	3.6	7.6	3.7
Teacher	39.1	50.9	51.3	46.6	36.0	34.2	48.1	45.7
Attendance	.4	.4	.1	.2	0	.8	1.0	.6
Health	.8	.1	1.2	.5	0	.9	.1	1.6
Pupil Transp.	4.2	3.5	4.9	3.5	1.7	2.4	3.7	2.6
Plant Operation	7.3	7.0	9.4	9.4	4.4	15.0	10.8	10.4
Maintenance	2.5	3.0	3.3	3.7	6.5		4.0	2.3
	9.8	10	12.7	13.2	10.9		14.8	12.7
Fixed Charges	23.0	10.0	8.4	14.6	10.9	9.3	12.6	9.2
Food	.6	2.8	.4	0	.1	.9	0	7.4
Commercial Services	.5	1.6	.2	0	.04	.05	.04	.6

half what it currently does on transportation. The per square mile cost of transportation for the desegregated school districts is: Boston, $193,796; San Francisco, $57,693; Denver, $111,487; Las Vegas, $444,000 and $35,577 in Charlotte. In the undesegregated school districts, the square mile cost of transportation is $48,206 in Pittsburgh, $29,152 in Cincinnati, and $129,825 in Newark. The per pupil cost of transportation is higher in Boston than in other school districts (with the exception of Denver).

Comparing Boston to other school districts in the category of Operation of Plant and Maintenance is rather difficult. First, school districts often differ in the way in which they distinguish between operations and maintenance. In Boston's budget "Operation of Plant" consists of building and grounds housekeeping activities such as cleaning, heating, lighting, communications, power, moving furniture, etc. "Maintenance of Plant" consists of those activities which are concerned with repairs or replacement of property. Secondly, several school districts did not put their separate budget allocations into these two categories and trying to decide into which category a specific budget allocation went was rather difficult. Third, the major portion of Boston's maintenance budget is separate from the General Fund budget which is distributed each year. This separate allocation is called "alterations and repairs" and corresponds to what other school districts normally call "maintenance". Adding in this separate budget for alterations and repairs, the proportion of the budget spent on operations is about average and the proportion of the budget spent on maintenance is somewhat lower than other school districts. The per pupil cost (table 3) is higher, however.

Boston's "fixed charges" (expenditures of a generally recurrent nature such as pensions, annuities, retirement benefits, severance pay,

workmen's compensation, tuition, fidelity bond premiums, etc.) are one of the most important culprits in making the Boston budget so much larger than that of other school districts. The figure, all of which is not included in the Boston general fund budget (but is represented here because other school districts do include it in their general budget) is about four times larger than other school districts. Most of this money is paid by the city out of their general fund, and thus this expenditure has received little publicity in the recent controversies over the school budget.

Boston's per pupil cost for food services is third to San Francisco and Newark, both large city school districts. The per pupil cost for Community Services is second to San Francisco. The proportion of the budget spent on each of these services in Boston is about average, however.

One of Boston's problems is that it has too many schools. Each school necessitates a principal and assistants at a salary much higher than that of classroom teachers. Boston spends almost twice as much as other school districts on school principals and supervisors. It also spends more on operations and maintenance. Reducing the number of schools would probably facilitate desegregation by combining school populations and reduce the budget in at least six categories: building administrators, health, operations, maintenance, transportation, and fixed charges (that portion devoted to administrator retirement and benefits.)

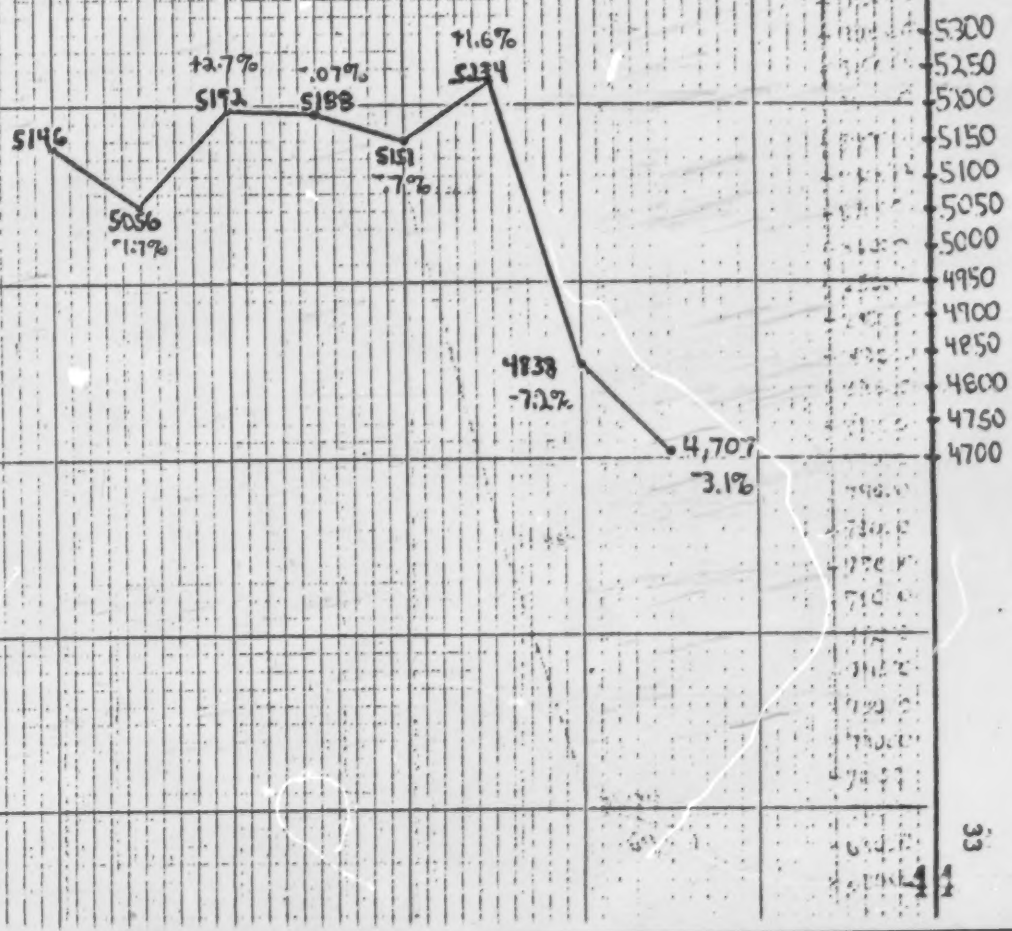
All factors considered, Boston's school budget does not compare favorably to that of other school districts. Boston's budget is by far the largest. It spends a smaller proportion of its budget on instruction than other school districts, and it spends an astronomical amount on fixed charges.[21] The entire Boston budget is so much larger than that of other school districts that one wonders simultaneously how the other school districts manage to survive and how Boston gets away with it.

Boston Data Graphs

Graph 1.....Expenditures and Appropriations

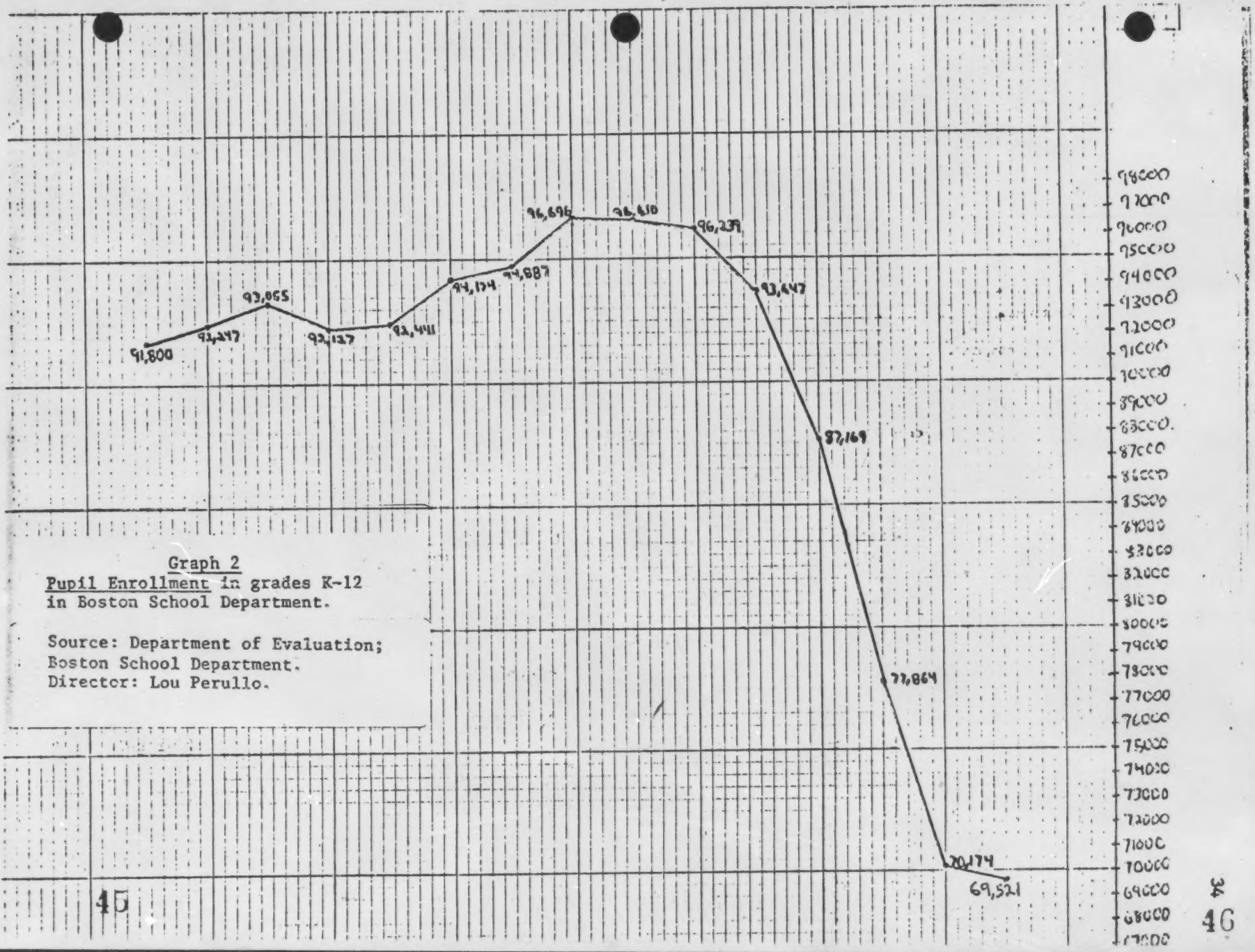
Graph 2.....Enrollment

Graph 3.....Number of Teachers



Graph 3
Number of Teachers (excluding federally funded) in Boston School System.

Source: Boston Municipal Research Bureau.
1978 figure from Budget Management Office; Boston School Department.



Graph 2
Pupil Enrollment in grades K-12
in Boston School Department.

Source: Department of Evaluation;
Boston School Department.
Director: Lou Perullo.

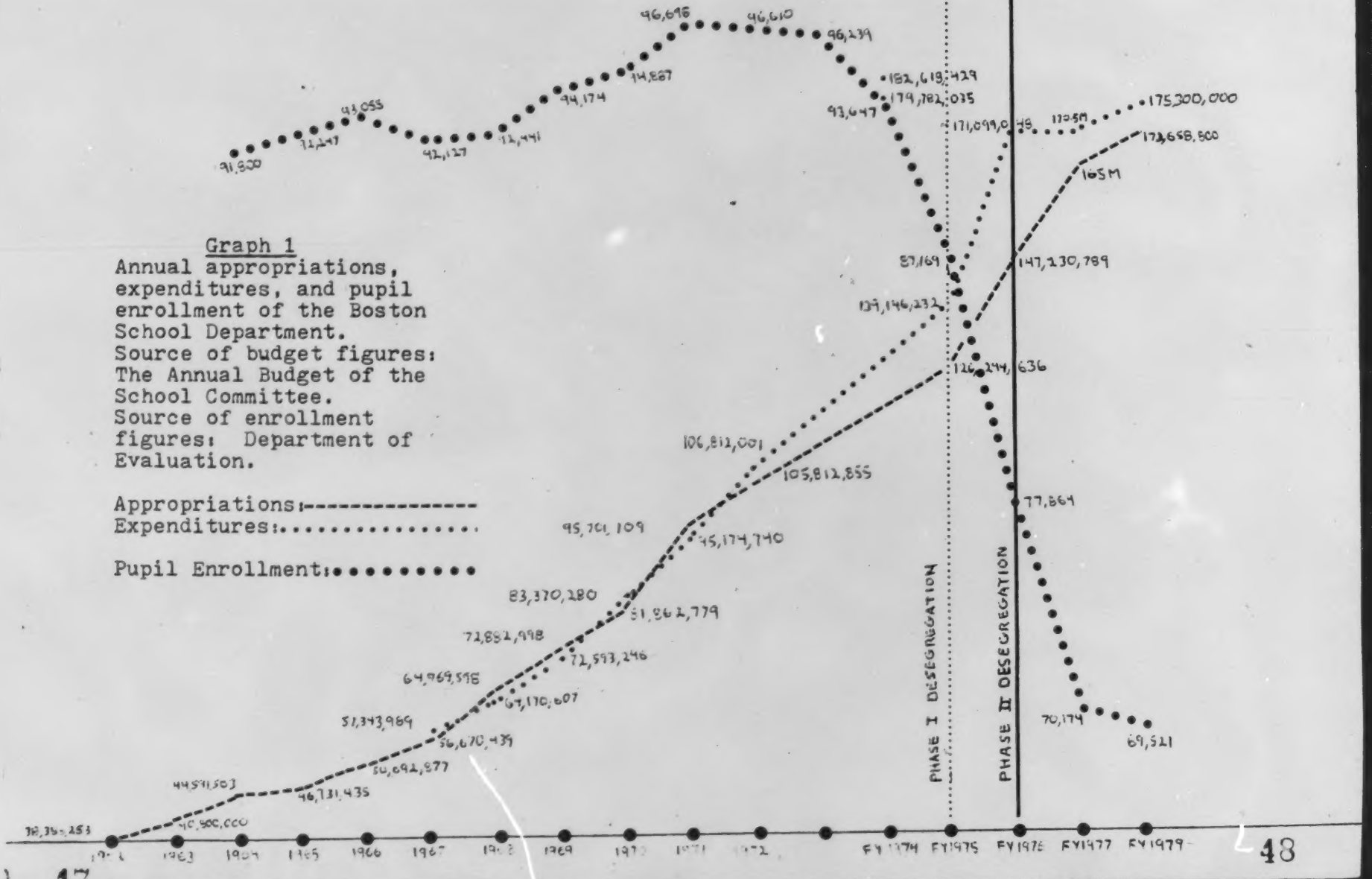

Graph 1
Annual appropriations, expenditures, and pupil enrollment of the Boston School Department.
Source of budget figures: The Annual Budget of the School Committee.
Source of enrollment figures: Department of Evaluation.
Appropriations:----------
Expenditures:.....
Pupil Enrollment:•••••••••
91,800
92,127
96,696
96,610
96,239
93,647
87,169
70,174
69,521
182,619,429
179,782,035
171,099,048
175,300,000
173,658,800
165M
147,230,789
139,146,232
126,244,636
106,812,001
105,812,855
95,701,109
95,174,740
83,370,280
81,862,779
72,882,998
72,593,246
64,969,598
67,170,607
51,343,989
56,670,439
50,692,877
46,731,435
44,591,503
40,900,000
38,354,253
PHASE I DESEGREGATION
PHASE II DESEGREGATION
1963
1964
1965
1966
1967
1969
FY1974
FY1975
FY1976
FY1977
FY1979

Table 5

Boston Public School Enrollment*

	Black	Other	Total Minority	White	Total Enrollment
1963-64 (March)			21,097	70,703	91,800
1964-65 (est.)			22,508	69,919	92,427
1965-66 (Oct.)			23,919	69,136	93,055
1966-67			24,077	68,050	92,127
1967-68			25,482	66,959	92,441
1968-69	25,482	4,192	29,674	64,500	94,174
1969-70	27,276	4,955	32,231	62,656	94,887
1970-71	28,822	5,860	34,682	62,014	96,696
1971-72	30,681	6,539	37,220	59,390	96,610
1972-73	31,728	7,106	38,834	57,405	96,239
1973-74	31,963	8,091	40,054	53,593	93,647
1974-75	32,265	9,280	41,545	45,624	87,169
1975-76**	31,940	9,402	41,342	36,522	77,864
1976-77	29,690	9,008	38,698	31,476	70,174
1977-78***	30,541	10,052	40,593	28,928	69,521

*1963 through 1966 data obtained from Massachusetts State Department of Education; 1967 through 1974 data obtained from the Office of Civil Rights, H.E.W.; 1975 through 1977 data obtained from estimates of the Boston School Department.

**Actual enrollment as of 2/6/76 (including K-12).

***Actual enrollment as of 10/21/77 (including K-12).

The Findings

In analyzing the financial situation of any enterprise two terms become immediately important: appropriation and expenditure. In Boston, where both of these aspects of the budget have been steadily climbing over the past 10 years, this is an area of enormous speculation. Graph 1 illustrates the fact that appropriations have increased steadily since 1962, which is as far back as the data extends. The introduction of school desegregation in FY 1976 also stimulated a jump in the rate of appropriation increases. When expenditure figures are examined next to appropriations the spending trends become apparent. For each of the past five years the school department has overspent its appropriation (deficit spending), and this is expected to occur again at the end of the present year, FY 1978.

These repeated deficits clearly show that the Boston School Department has totally lacked a system of management and accountability. This information supports the conclusions of the comparative budget section that the school system is oversized and wasteful. The School Committee members have complained that the City Council does not fund their entire appropriations requests, yet they have repeatedly condoned spending at levels that were never authorized. This demonstrates the School Committee's complete lack of management skills. The various departments in the school system should have been forced to reduce their spending levels once they learned that the actual appropriation was smaller than they had requested. Instead they allowed school spending at higher levels, causing a 5 year (1972-FY 1977) cumulative deficit of 42,219 million dollars, more than the entire appropriation for 1964.

Contrasting the sharp 10 year increase in the size of the school budget has been a pronounced decline in student enrollment, for 94,174

in FY 1969 to 69,521 in FY 1978. Calculating from the peak enrollment year, FY 1971 (96,696), the school system has shrunk by 27,175 students. This decline cannot be totally attributed to school desegregation, as has been the popular notion, since the total enrollment decline began in FY 1972, three years before the implementation of Judge Garrity's order. In actuality the white enrollment was decreasing each year as far back as FY 1964. (See Graph 1). This drop in enrollment can be explained by a combination of the following factors:

1) a drop in the birth rate;
2) the trend of the white middle class to move out of the city and into the suburbs; [23]
3) "...tightened bookkeeping and inflated pre-desegregation data." [24]
4) after 1974, a drop in white enrollment due to flight from school desegregation.

It is important to note that while enrollment has significantly declined since FY 1971, school costs have continued to increase. When Graph 2 (enrollment) is overlayed onto Graph 1 (funds) a dramatic conflict becomes apparent. While 40% of the student body has left the system since 1971, the budget has increased 226%.

Graph 3 and Table 9 examine the fluctuations in the total number of teaching positions within the school department. This information can be misunderstood because it does not reflect the recent decreases in regular education positions and the increases in special education teachers, which require lower pupil to teacher ratios. However, it does illustrate the lack of a significant decline in teachers to match the large decreases in the student population. The average pupil to teacher ratio of the eight cities in the comparative study was 19 to 1. Boston's figure of 14.5 to 1 in FY 77 is significantly below that figure, a strong indication that Boston employs an excess of teaching personnel.

Table 9

Pupil to Teacher Ratios

FY 1971	18.8 to 1
FY 1972	19.1 to 1
FY 1973	18.5 to 1
FY 1974	18.1 to 1
FY 1975	16.9 to 1
FY 1976	14.9 to 1
FY 1977	14.5 to 1
FY 1978	14.8 to 1

There had been no reduction of spending as a result of declining enrollment until FY 1977, when 396 teaching positions were eliminated. This represented a drop of 7.2% (see Graph 3). Before FY 1977 the number of teaching positions was quite stable for the years in which data was available, which goes back until FY 1971. The number of teachers actually rose in FY 1976 by 1.6%. The drop in teachers in FY 1977 was the result of a determined effort by the Mayor to get the School Committee to cut costs. Superintendent Fahey was ordered to reduce teachers, which she did by firing non-tenured teachers, not allowing substitutes to become full-paid provisional teachers, and not allowing provisionals to become tenured teachers. Therefore the only aspect of the FY 1977 budget to be significantly reduced at a rate parallel to the drop in student enrollment was the number of teachers employed.

Conclusions: Some Causes of the School Department's Fiscal Problems.

Throughout this paper references have been made to particular weaknesses or strength's of the Boston school system. From a budgetary aspect the School Department has just begun to straighten out it's finances. Boston as a whole has been financially troubled for years. The school department has received little help from the city in terms of updating its financial management systems. Actually the school department is in a better position to help the city straighten out its finances.

The objective of this section is to discuss some of the problems of the school department, who they affected, and if they are still a problem.

1. The first and most basic weakness of the school dept. has been in the way that the school budget has been traditionally formulated. Two aspects stand out: the statutory appropriation limit and incremental budgeting. By law the school department is guaranteed an appropriation at least equal to that of the previous years'. That is the statutory appropriation amount. From this basis they add incremental amounts to each budget category to form the fiscal budget.

Incremental budgeting fostered a system of perpetual growth in which the school department needed only to justify new requests for funds (incremental amount), but not the basic amount in the category, which was guaranteed by statute. It is therefore very difficult to cut back or cut out a program that was funded the previous year.

In FY 1978 the system of incremental budgeting was abolished, and the highly accountable cost-centered system was implemented. Coupled with the new computer monitoring system presently being installed by Ernst & Ernst, these new systems should provide more realistic controls on appropriations and expenditures. Graph 1 shows that massive spending cuts in FY 1977 followed by implementation of the cost-centered system in FY 1978 has effectively slowed down deficit spending. In 1976 there

was a 23.3 million deficit, which in 1977 had shrunk to a 5.5 million deficit. The projected deficit for FY 1978 is for approximately 3 million dollars. the rate of appropriation increases has also slowed down this year, from 20 million in increases for FY 1976 and 1977 to just under 7 million in increased appropriations in FY 1978.

The statutory appropriation clause still exists, but now cost centered budgeting will theoretically insist on review of the entire spending account each year. At any rate, the budgetary aspect of the school department looks better than it ever has in the past.

2. Deficit spending has been a problem for the school department, and a major point of conflict between the School Committee and the Mayor's office. David Bernstein places the blame for overspending not on the school department, but on factors beyond the control of the school system.

> The tolerance and even encouragement of school deficits in the past grew out of a relationship of convenience among the city's political leaders...the annual budget is as much subject to underfunding by the Mayor and City Council as to overspending by the School Dept...[25]

This argument is based upon the premise that school dept. appropriation requests have been logical and necessary. It is true that Boston's political leaders do use the school budget as a political tool by blaming the school department for much of the cities tax increases. It is a simple political tactic used to take pressure off the city politicians. In exchange for this privilege the city bureacrats have allowed the school department to overspend its budget. The School Committee is much to blame for allowing overspending, which it has veto control over, when the funds were never appropriated. The BMRB reported that "Poor management and the unwillingness of the school administration to reduce expenditures to stay within appropriations are critical factors contributing to the extraordinary increase in school costs."[26]

3. Special Education and Bi Lingual Education programs also account for some of the increases in the school budget. "Many of what are apparently large School budget increases over the past five years are readily explained by increases in three programs mandated by law: Special Education, Desegregation, Bi-Lingual Education, as well as automatic contract provisions for increases."[27] State law mandates that special education classes must have a student-teacher ratio of 8 to 1, while a regular class generally has 20 or more students per teacher. The increase in Special Education classes is one reason why the student to teacher ratio appears so low in Table 9. The City of Boston is compelled by the state to provide these special programs, although their costs are not significantly reimbursed by the state. Boston, being the largest city in Mass., has a large concentration of these traditionally urban based special needs students. The Boston Herald reported last year that over the past 4 years (1972-1976) there had been an increase of 143% in special education staff. At this same time the number of special education students grew by 248%. "...we are in a 'catch-22' situation in which poor instruction is leading to more special education demands and therefore escalating total education costs."[28]

4. School Desegregation has also been accused of causing inflation in the school budget. The BMRB disagrees with this, stating that costs for desegregation are not significant when compared to the entire budget, and that much of the costs of desegregation are reimbursed by state and federal funds anyway.[29]

The city had to bear the initial cost of desegregation due to the fact that state and federal reimbursements take at least one year to arrive. This caused initial "implementation" strain. Now that desegregation has been in effect for 4 years some of the original costs of phase 1 & 2 have been discontinued, so that the city's burden for desegregation should now begin to decline.

For FY 1978 the appropriation for desegregation related programs was $10,708,530. This represents 6% of the 1978 budget. During this same fiscal year state reimbursements for all programs have increased 13.8 million, from 61.3 million in FY 1977 to 75.1 million in FY 1978. This means that the city is actually spending a considerable amount less on the special programs this year than two years ago. This is because reimbursements have increased while total expenditures have remained relatively constant. During FY 1976 the net cost to the city for the school department was 109.8 million. For FY 1978 the net cost of the city is projected to be 96.5 million, a net decline of 13.3 million.[30]

It is no secret that the Boston School Committee strongly opposed court ordered desegregation. By placing the blame for the ballooning budget largely on school desegregation perhaps the School Committee felt that they could convince Judge Garrity to rescind his desegregation order.

5. The collective bargaining system has also been identified to cause budget inflation. This is the procedure in which teacher salaries are negotiated for the upcoming fiscal year. Collective bargaining has traditionally taken place late in August, after the budget has been finalized. The teacher's union prefers to wait this late in order to put pressure on the School Committee to make a quick settlement with the teachers before classes begin. The Herald labels this process as having "...resulted in some of the juciest pay settlements that teachers have seen in this state's entire history."[31]

This year's contract negotiations did result in an additional 3 million in costs after the budget was finalized, which will be passed off as another deficit. If the School Committee ever expects to head off the annual budget shortages then they will have to plan to hold contract bargaining earlier so that the additional funds can be properly budgeted.

6. The Boston School Committee is at the roots of the problems of the school system. The School Committee has more often been characterized by televised arguments and meeting walk-outs than as respected community leaders supervising the city's schools. The typical committee-person understands little of the technical aspects of the school budget, yet possesses final say over all appropriations and expenditures. Their authority extends throughout the school bureaucracy; they personally review all personnel appointments and dismissals. T his particular power is essential to the School Committee's pervasive patronage system. Edward J. McCormack characterized the Boston school system as "...run by a sluggish bureaucracy under the direction of an unrepresentative Committee whose members are more concerned with getting jobs for their relatives than setting policy for the schools." [32]

The most significant move by the School Committee in recent history was the hiring of budget specialist David Bernstein to head the newly formed Budget Management Office. This action propelled the department onto the right road to a responsible fiscal policy and a balanced budget. Mr. Bernstein has effected a near-miraculous job of straightening out the school department's financial operations. The introduction of these reforms, although long overdue, must be credited to the positive position taken by the School Committee. With the recent election of the second black in its history, the Boston School Committee promises to become even more responsive to the needs of the people of Boston in the future.

7. The level of expertise throughout the school system needs to be improved. In conducting this study many administrators at all levels of the school department were talked to. The general impression given to the authors of this study was that there appeared to be an excess of personnel without much function. Some people were questioned in order to determine their roles and job objectives. Most of these individuals answered that they had no idea what tasks their jobs entailed; only

that they worked for so and so. For example, one administrator in the personnel office (with a very impressive desk area) had absolutely no idea where one could find information relating to the number of administrators in the system, a simple statistic that should have been immediately available.

This is one area in which the School Committee could do much work: the development of role models and proficiency standards for all school administrators. The School Committee should concern itself more with school standards and objectives than the day to day departmental operations.

Bringing in experts such as David Bernstein and consultants from Ernst & Ernst can work as a temporary corrective measure, but these people will not be working with the School Department forever. Once they have established their systems in smooth running order they will be leaving the Boston School Department. The fact is that a stagnant bureaucracy such as the school department offers very little for dynamic and ambitious individuals. Therefore, somebody has to be prepared to continue their work once they leave. This is going to be the major responsibility of the newly elected School Committee. With David Bernstein planning to be finished with his work this coming July, and the consultants from Ernst & Ernst soon after, the School Committee will be responsible for the maintenance of the new budget accounting systems.

Final Statement

At the outset of this study a question was posed: "Do new methods of budgeting and the restructuring of the chains of authority within the school system effectively control runaway spending within the Boston School Department?" What this question is essentially concerned with is "do reforms introduced into a disorganized and wasteful bureaucracy result in rectification of problem areas and improvement of services?"

In regards to the Boston School Department, the answer to this question is yes; conditionally. From the information divulged within this study it can be concluded that some very positive steps toward reform have been taken by the Boston School Committee, but it will take years to see the true results of these actions.

The committee has given David Bernstein complete authority to implement his programs of fiscal constraints. The introduction of these strategies has resulted in a definite leveling off of expenditures by the school dept. If this pattern continues in the upcoming years and the department does not incur any more deficits then the reforms will have indeed succeeded in their role. Therefore the only thing to do is to wait a few years in order to see what direction school spending takes.

The introduction of school desegregation ushered in more than just the integration of Boston's schools. It stimulated public interest in the operations of the school department. Judge Garrity's orders touched upon areas such as school operations and financing. Desegregation brought about the creation of school monitoring groups such as the Citywide Coordinating Council and the Citywide Parents Advisory Council, which have criticized department deficiencies and prodded for school reforms.

The 70's will probably be remembered in Boston as the decade of fiscal reform. It was during this period that the School Committee finally realized its obligation to make the transition to the modern world of cost accountability.

They have progressed from a simple 20 page xeroxed budget to a highly sophisticated document of over 350 pages. By effecting this change they have opened the door of the school department to public scrutiny. The School Committee has finally demonstrated that they are prepared to be accountable for every penny that they spend.

The movement away from huge accountants journals and manually entered financial records to the present reality of high speed computers marks another major step taken by the school dept. The significance of this change cannot be emphasized enough. It provides school personnel with continual cost monitoring, a system that is essential to the prevention of deficit spending.

It can be concluded that the reforms that have been introduced are improving the operation of the Boston School System. The department now provides more services than before and they are of a higher technical quality than would have been possible or expected just one year ago. School spending has been cut back, resulting in the dramatic upward swing in school spending over the past 10 years to finally level off.

The school department bureaucracy has also undergone changes. The new cost-centered budget system has divided budget control over the entire administrative staff. This decentralization has in effect made many more people responsible for spending by the various departments. This requires a high level of budget proficiency and involvement from all administrators. These new demands will force some people out of the system, and require all others to become thoroughly acquainted with school operations. Over the next several years a new type of administrator will evolve. This 'new' bureaucrat will have to be responsive to modern school demands and technologically prepared to deal with the complex new problems.

A change is always good, especially when dealing with an outdated and stagnated bureaucracy. The Boston School Department has made significant changes aimed at improving its operation. What has been done cannot be denied, even by the greatest foe of the department. What remains to be seen is whether or not these reforms will continue to succeed in the upcoming years. We can only wait and see. One thing is sure; there is plenty of room in the Boston School Department to make more improvements.

Appendix

Sources.....p. 49.

Cost Center Hierarchy.....p. 51.

New Budget system worksheet.....p. 52.

Sample of old budget; FY 1977.....p. 53.

Sample of new budget: FY 1978.....p. 55.

Summary of costs per enrolled student; FY 1978.....p. 58.

Table of net cost to city of school budget.....p. 60.

Sample of questionnaire sent to administrators.....p. 61.

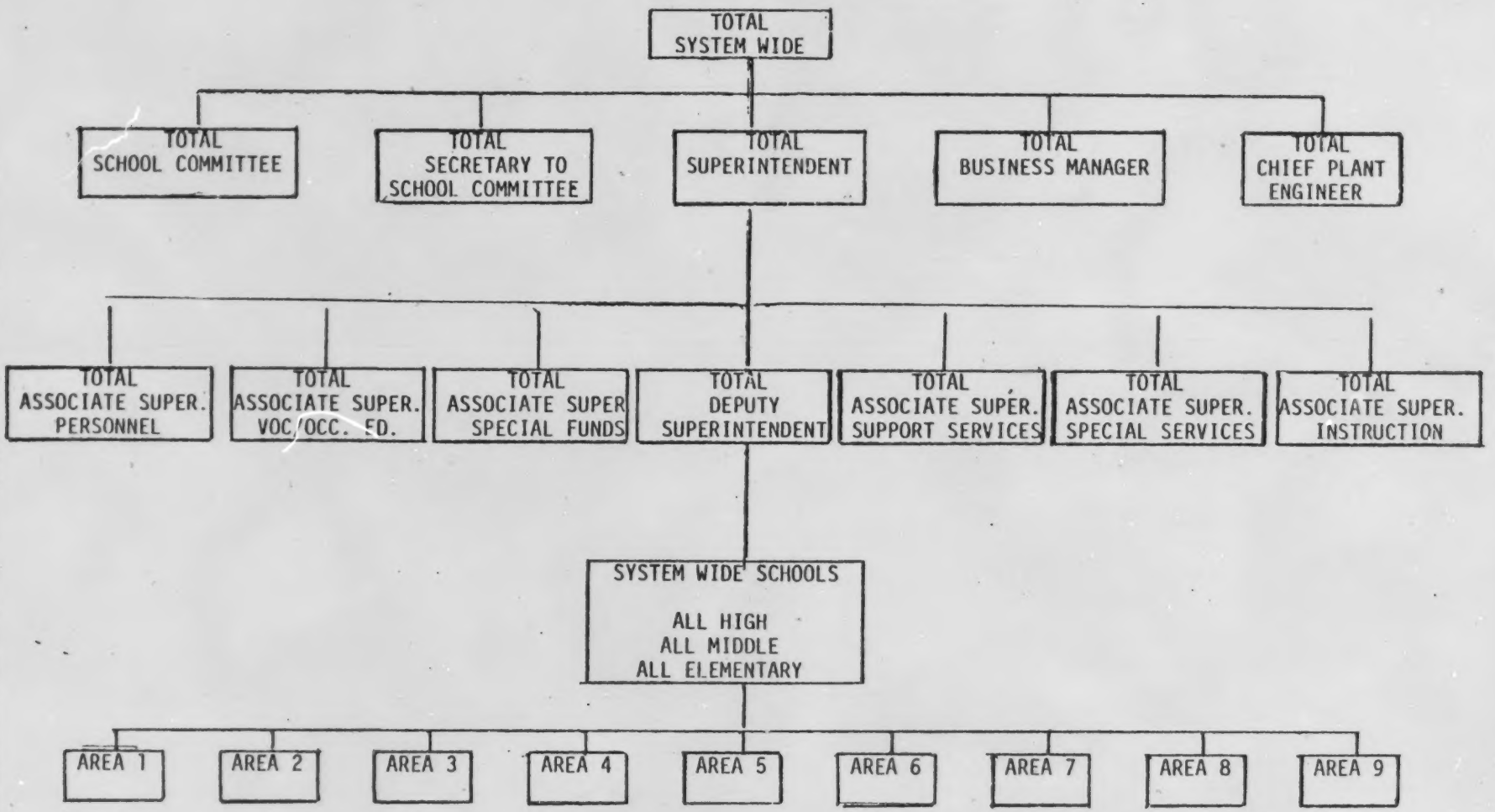
Sources which may be helpful to those doing research on this subject

Source	Information Available
Mass. Department of Education 1 Ashburton Place Boston 727-5792	Any data concerning state programs for public schools and State allocation of educational funds to Boston
Boston Municipal Research Bureau 249 Washington Street Boston 482-3626	They have done several reports on Boston schools including School Committee personnel appointments and general hiring practices.
Mass. Taxpayer's Foundation 1 Federal Street Boston 357-8500	Information on tax assessment ratios and tax levies for Boston.
City Auditors Report Can be obtained from the City Auditor 1 City Hall Square Boston 725-4671	Statement of actual school expenditures, appropriations, for a fiscal year.
Annual Report of the Business Manager to the School Committee Can be obtained from the School Business Manager 26 Court Street Boston 726-2600	List of expenditures, appropriations, for each budget category in a given fiscal year.

Sources, Continued

Source	Information Available
Citywide Parents Advisory Council (CPAC) and Citywide Coordinating Council (CCC) They have the same address and telephone number. 15 Milk Street Boston 426-2540	These are court-established bodies that supervise school desegregation and help parents with any questions and problems they may have. Resources include large office personnel, access to or possession of most information relating to school desegregation, as well as general information on School Department affairs. Staff helps publish community newspapers relating to schools parent teaching seminars.
Boston Public Library 666 Boylston Street Boston 536-5400	Information on school system in the Public Documents section. Under the categories of budgets, School Department, and Boston Municipal Research Bureau.

COST CENTER HIERARCHY AND BUDGET FORMAT



THE SCHOOL COMMITTEE OF THE CITY OF BOSTON

OFFICE BUDGET INPUT WORKSHEET 1977/1978

Cost Center Code _____ Cost Center _____

Expense Code	Expense Title	# of Personnel	Annual Budget
	PERSONNEL		
	Administrator		
	Professional		
	Non-Professional - Full Time		
	Non-Professional - Part Time		
	Clerical - Full Time		
	Clerical - Part Time		
	Total		
	DIRECT EXPENSES		
	Office Supplies		
	Mileage		
	Furniture & Equipment		
	Instructional Supplies		
	Total		
	CONTRACTUAL		
	Consultants		
	Total		
	TOTAL COST CENTER EXPENSES		

Comments:

Cost Center Manager _____ Tel # _____ Date _____

Pages 53-54 are examples from the pre-FY 1977 Budget format.

Office of the Business Manager
December 31, 1976

To the School Committee of the City of Boston:

In compliance with the Rules of the School Committee, I submit herewith the budget for the fiscal year July 1, 1976 to June 30, 1977, to provide for General School Purposes and the appropriations for the Department of Planning and Engineering which provide for the cost of alteration and repair of school buildings.

The appropriating power of the School Committee is limited by Chapter 224 of the Acts of 1936 as amended (see page ii).

For the fiscal year 1976-7, Chapter 224 of the Acts of 1936 as amended has the following effect:

(a) The sum of $4,024,026, plus any unexpended appropriation balances in this category, may be appropriated for the alteration and repair of school buildings.

The basis for the appropriating power for 1976-7 under (a) above is $1,541,642,200, representing the average of the assessors' valuations for the three preceding years, such valuations being reduced by abatements granted up to December 31, 1975 exclusive of the valuations and abatements of motor vehicles.

(b) The sum of $140,668,734, supplemented by amounts passed by the City Council upon recommendation of the Mayor, may be appropriated for General School Purposes.

The following is a comparative summary of credits and appropriations for all school purposes for 1975-6 and 1976-7.

	Total Apprn 1975-6	Apprn by Sch Comm 1976-7	Apprn by City Cncl 1976-7	Total Apprn 1976-7
Alterations + Repairs	$ 4,012,055	$ 4,024,026	$ 0	$ 4,024,026
General Sch. Purposes	142,318,734	140,668,734	10,406,340	150,075,074
Totals	$147,230,789	$154,503,660	$10,406,340	$155,000,000

Respectfully submitted,

Business Manager

LJB/rm

The appropriation made by the School Committee for general school purposes in 1976-7 under Chapter 224 of the Acts of 1936 as amended, was computed as follows:

(ii)	$126,753,554	Appropriation by School Committee 1975
(iii)	22,915,180	Appropriation by City Council with approval of Mayor 1975
	$149,668,734	Total available for appropriation by School Committee

THE SCHOOL COMMITTEE OF THE CITY OF BOSTON

DATE 06/10/77

TOTALS

1976/77 ENROLLMENT

1977/78 ENROLLMENT 74,937**

EXPENSE CODE	EXPENSE TITLE	NO OF PERSONNEL	ANNUAL BUDGET	UNITS OF MEASURE 1976/77	UNITS OF MEASURE 1977/78	UNIT COST	TEACHER/STUDENT RATIO
2946	OVERTIME		$ 85,000				
2947	CUSTODIAL OVERTIME		$ 321,000				
2948	PROFESSIONAL OVERTIME		$ 380,099				
	* SUB TOTAL *	9,011.4	$ 50,811,248				
	DIRECT EXPENSES						
3100	FURNITURE/EQUIPMENT		$ 177,423				
3200	INSTRUCTIONAL SUPPLIES-SCHOOLS		$ 3,012,052				
3210	INSTRUCTIONAL SUPPLIES-CENTRAL OFFICES		$ 1,513,845				
3220	OFFICE SUPPLIES		$ 458,590				
3230	MILEAGE		$ 202,907				
3240	PRINTING		$ 172,658				
3241	FOOD		$ 5,400,000				
3242	TRUCKING		$ 309,000				
3243	REPAIR EQUIPMENT		$ 107,000				
3246	TOTAL HEAT		$ 2,660,488				
3247	TOTAL UTILITIES		$ 5,523,427				
3250	TOTAL SUPPLIES		$ 381,043				
3251	ATHLETIC APPAREL		$ 138,947				
3252	ATHLETIC SUPPLIES		$ 136,500				
3400	HEAT		$ 2,601,109				
3500	UTILITIES		$ 4,613,482				
3600	TRANSPORTATION		$ 762,625				
3700	OTHER		$ 1,361,055				
	* SUB TOTAL *		$ 29,532,151				
	CONTRACTUAL						
4100	CONSULTANTS		$ 1,304,702				
4150	ALTERATIONS & REPAIRS		$ 3,456,626				
4201	STADIUM PROTECTION		$ 5,000				
4202	LEGAL FEES		$ 139,213				
4203	TRAVEL		$ 56,550				
4204	TRUCKING		$ 45,500				
4205	TUITION		$ 3,258,975				
4206	FULL TUITION		$ 1,747,712				
4207	OTHER TUITION		$ 65,000				
4208	CARFARES		$ 236,484				
4210	FIELD TRIPS		$ 96,988				
4211	PHYSICAL EDUCATION TRANSPORTATION		$ 200,912				
4212	VOCATIONAL EDUCATION TRANSPORTATION		$ 165,240				
4213	SPECIAL EDUCATION TRANSPORTATION		$ 1,600,000				
4214	RACIAL BALANCE TRANSPORTATION		$ 4,225,268				
4215	RUBBISH REMOVAL		$ 152,000				
4216	KINDERGARTEN TRANSPORTATION		$ 400,000				
	* SUB TOTAL *		$ 17,156,170				
	FIXED CHARGES						

TOTAL BUDGET

Pages 55-56 are examples from the post-FY 1977 Budget format.

THE SCHOOL COMMITTEE OF THE CITY OF BOSTON

DATE 06/10/77

TOTALS

1976/77 ENROLLMENT

1977/78 ENROLLMENT 74,937**

EXPENSE CODE	EXPENSE TITLE	NO OF PERSONNEL	ANNUAL BUDGET	UNITS OF MEASURE 1976/77	UNITS OF MEASURE 1977/78	UNIT COST	TEACHER/STUDENT RATIO
	PROFESSIONAL PERSONNEL						
1100	ADMINISTRATOR	399.0	$ 10,426,594		77,067	$ 135.29	193.2
1210	REGULAR	3,080.0	$ 55,503,542		59,654	$ 927.32	19.4
1211	KINDERGARTEN	203.0	$ 3,906,008		8,801	$ 443.81	43.4
1213	BILINGUAL KINDERGARTEN	24.0	$ 296,167		870	$ 340.42	36.3
1220	VOCATIONAL EDUCATION	110.0	$ 2,049,289		1,885	$ 1,087.16	17.1
1231	SPECIAL EDUCATION MAINSTREAM	395.0	$ 5,882,213		9,078	$ 647.96	23.0
1232	SPECIAL EDUCATION SUBSTANTIALLY SEPARATE	269.2	$ 3,686,258		2,212	$ 1,666.48	8.2
1240	BILINGUAL EDUCATION	239.0	$ 3,166,614		4,840	$ 654.26	20.3
1245	ITINERANT PUPIL SUPPORT	139.0	$ 2,566,729				
1250	SPECIALISTS	192.7	$ 3,105,535		25,930	$ 119.77	134.6
1260	SUBSTITUTES-PER DIEM		$ 1,622,049				
1270	SUBSTITUTES-LONG-TERM		$ 976,054				
	* SUB TOTAL *	5,050.9	$ 93,187,052			$ 1,205.51	15.3
	SUPPORT PERSONNEL						
2100	NURSES	80.4	$ 1,319,098		75,978	$ 17.36	945.0
2200	LUNCH MONITORS	438.0	$ 856,900		30,727	$ 27.89	70.2
2202	ALL LUNCH MONITORS	438.0	$ 856,900				
2210	CAFETERIA WORKERS	483.0	$ 2,134,135		64,444	$ 33.12	133.4
2211	ALL CAFETERIA WORKERS	526.0	$ 2,468,076				
2310	INSTRUCTIONAL AIDES	24.5	$ 129,850		3,315	$ 39.17	135.3
2320	TRANSITIONAL AIDES	308.0	$ 1,578,700		65,237	$ 24.20	211.8
2330	SPECIAL EDUCATION AIDES-MAINSTREAM	132.0	$ 707,400		7,735	$ 91.45	58.6
2331	SPECIAL EDUCATION SUBSTANTIALLY SEPARATE	240.0	$ 1,268,290		2,224	$ 570.27	9.3
2340	BILINGUAL EDUCATION AIDES	164.0	$ 883,800		4,450	$ 198.61	27.1
2342	BILINGUAL KINDERGARTEN AIDES	3.0	$ 15,900		125	$ 127.20	41.7
2400	PROGRAM SUPPORT	152.6	$ 2,810,091		32,280	$ 87.05	211.5
2600	CUSTODIAL	510.0	$ 6,032,800		79,930	$ 75.48	156.7
2700	GUIDANCE	109.3	$ 2,405,372		36,946	$ 65.11	338.0
2801	TOOLKEEPERS	34.0	$ 69,153				
2802	LAB ASSISTANCE	49.0	$ 38,949				
2910	PROFESSIONAL	195.0	$ 4,108,863				
2912	PART TIME PROFESSIONAL	441.0	$ 538,799				
2920	NON-PROFESSIONAL FULL-TIME	136.0	$ 1,919,970				
2921	NON-PROFESSIONAL PART-TIME	208.0	$ 298,217				
2930	SECRETARIAL/CLERICAL FULL-TIME	446.3	$ 4,065,535				
2931	SECRETARIAL/CLERICAL PART-TIME	20.0	$ 132,754				
2932	ITINERANT	195.0	$ 3,001,430				
2934	SWIMMING PERSONNEL	28.0	$ 213,000				
2935	OFFICIALS	1,800.0	$ 142,751				
2936	COACHES	465.0	$ 653,904				
2941	ALL CLERICAL/SECRETARIAL	432.3	$ 3,923,729				
2942	ALL CUSTODIAL SALARIES	552.0	$ 6,570,000				
2943	BUS MONITORS	363.0	$ 748,339				
2944	ATTENDANTS		$ 100,000				
2945	SCHOOL ACCOMMODATIONS	30.0	$ 32,534				

TOTAL BUDGET

THE SCHOOL COMMITTEE OF THE CITY OF BOSTON

DATE 06/10/77

TOTALS

1976/77 ENROLLMENT

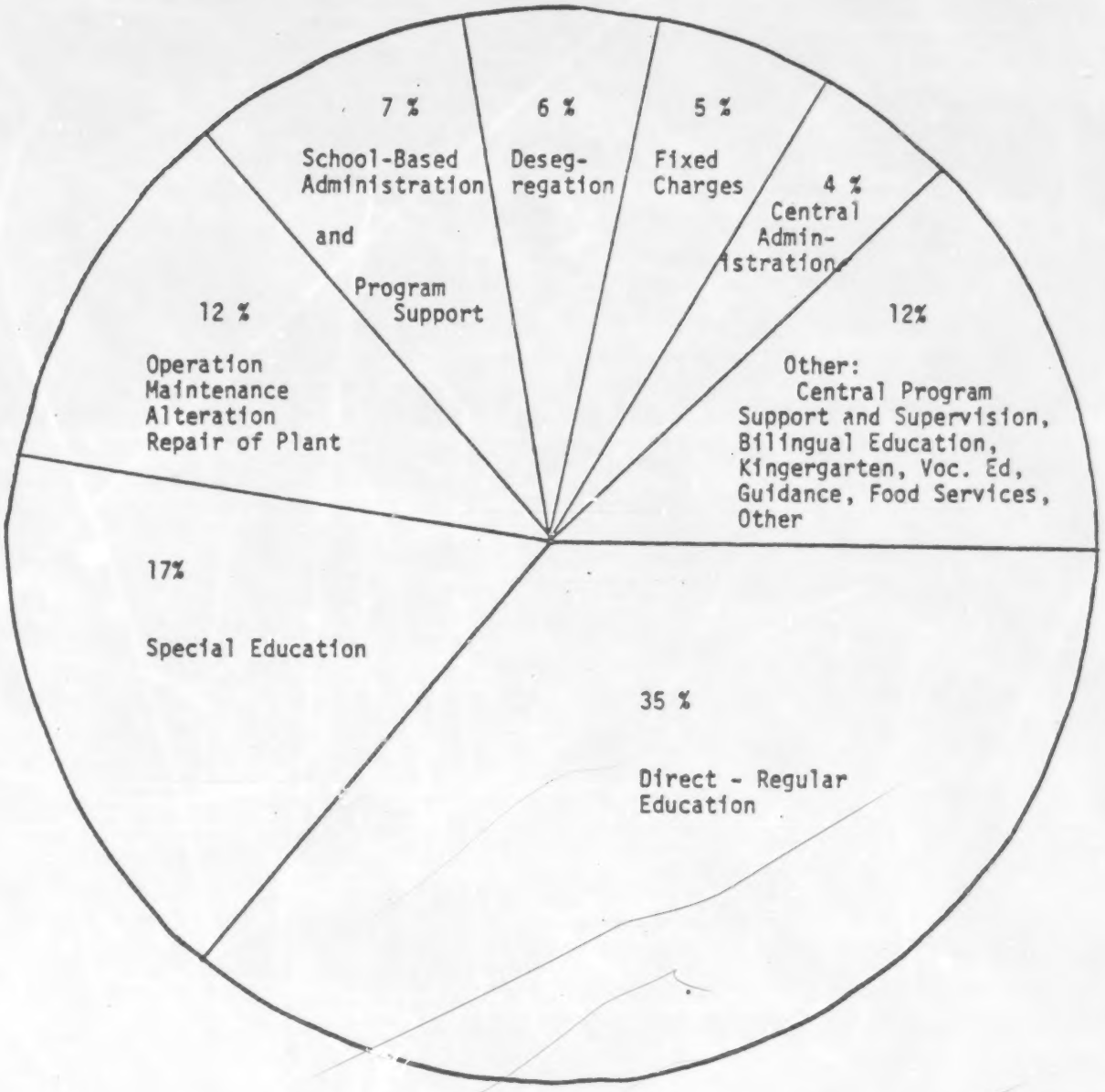
1977/78 ENROLLMENT 74,937**

EXPENSE CODE	EXPENSE TITLE	NO OF PERSONNEL	ANNUAL BUDGET	UNITS OF MEASURE 1976/77	UNITS OF MEASURE 1977/78	UNIT COST	TEACHER/STUDENT RATIO
6001	PENSION TO VETERANS		$ 3,850,000				
6002	PENSION TO TEACHERS (NON-CONTRIB)		$ 90,000				
6003	ANNUITY TO WIDOWS		$ 4,000				
6004	CUSTODIAN, TEACHERS RETIREMENT FUND		$ 5,000				
6005	SEVERENCE PAY - TEACHERS		$ 800,000				
6006	WORKMEN'S COMPENSATION		$ 310,000				
6007	MEDICAL SERVICE		$ 100,000				
6009	TUITION, OTHER		$ 75,000				
6010	INJURY PANEL PAYMENTS		$ 20,000				
6011	INDEMNIFICATION OF TEACHERS		$ 5,000				
6012	FIDELITY BOND PREMIUMS		$ 5,000				
6013	SCHOLARSHIP FUND, TEACHER'S UNION		$ 50,000				
6014	HEALTH & WELFARE FUND, TEACHER'S UNION		$ 2,200,000				
6015	LANE CHANGES		$ 500,000				
	* SUB TOTAL *		$ 8,014,000				
	MAINTENENCE OF PLANT						
6101	EQUIPMENT PURCHASES		$ 340,500				
6102	REPAIR OF EQUIPMENT		$ 125,000				
	* SUB TOTAL *		$ 465,500				
	COMMUNITY SERVICES						
6201	SPECIAL MANAGER		$ 13,850				
6202	COURT APPOINTED EXPERTS		$ 60,000				
6203	TEXTBOOKS FOR PRIVATE SCHOOLS		$ 400,000				
	* SUB TOTAL *		$ 473,850				
	HIERARCHY TOTALS	14,062.3	$199,639,971				
Adjustments (full discussion on next page)		- 4946.3	-$27,981,171				
ADJUSTED TOTAL		9116.0	$171,658,800				

** Total enrollment reduced by weighting; see accompanying analysis for full discussion (pp. 8-9).

TOTAL BUDGET

Summary of Costs Per Enrolled Student



SUMMARY OF COSTS PER ENROLLED STUDENT

	1 Budget	2 Enrollment	3 Cost Per Enrolled Student*	4 %
Direct - Regular Education (1210, 1250, 1260 (partial), 2310, 3200)	$61,091,600	74,937	$815	36%
Special Education	28,618,000		381	17%
Charges related to: Operation, Maintenance, Alteration, and Repair of Plant	21,050,400		281	12%
School-Based Administration and Program Support	12,669,500		169	7%
Desegregation	10,708,500		143	6%
Fixed Charges	8,890,100		119	5%
Central Administration	5,600,000		75	4%
Central Program Support and Supervision: Guidance, Pupil Assistance, Health, Attendance, Investigation & Measurement, Fine Arts, Reading, Science	4,982,700		66	3%
Bilingual Education	4,998,999		67	3%
Kindergarten	3,980,300		53	2%
Vocational Education	3,758,500		50	2%
Guidance	2,388,200		31	1%
Food Services [net]	2,286,600		31	1%
Other	635,401		8	< 1%
	$171,658,800		$2,290*	100%

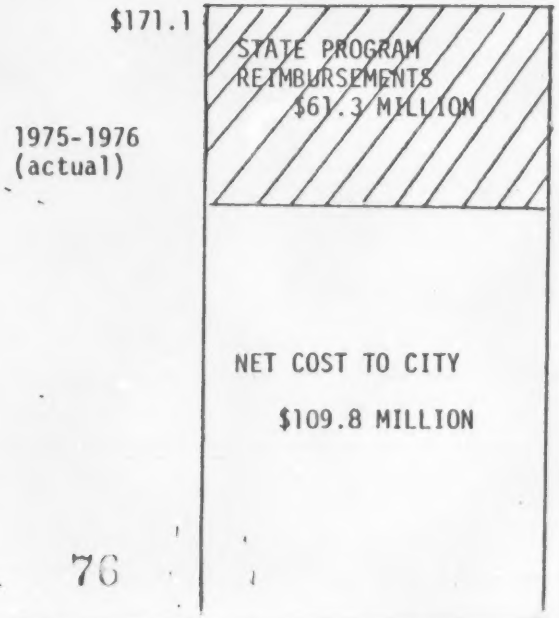
* It is important to recognize that of the total $171,658,800 budget, $5,654,000 supports 1,057 privately placed special needs students who are not counted in the projected enrollment figure of 74,937. Therefore, the actual cost per student enrolled in the Boston School System is not $2,290, but rather $2,218 per student enrolled.

EXHIBIT IV

EXHIBIT I

NET COST TO THE CITY OF SCHOOL BUDGET

	1975-1976 (actual)	1977-1978 (projected)
SCHOOL SPENDING (000,000)	171.1	171.6
Program-Related State Aid		
Chapter 70	54.1	34.9
Special Education	0.3	21.9
Transportation	2.7	4.7
Vocational Education	2.8	2.8
Department Receipts	1.2	0.6 (est.)
Bilingual Education	0.2	1.6
Adjustments	----	8.6
TOTALS	61.3	75.1
NET COST TO CITY	109.8	96.5



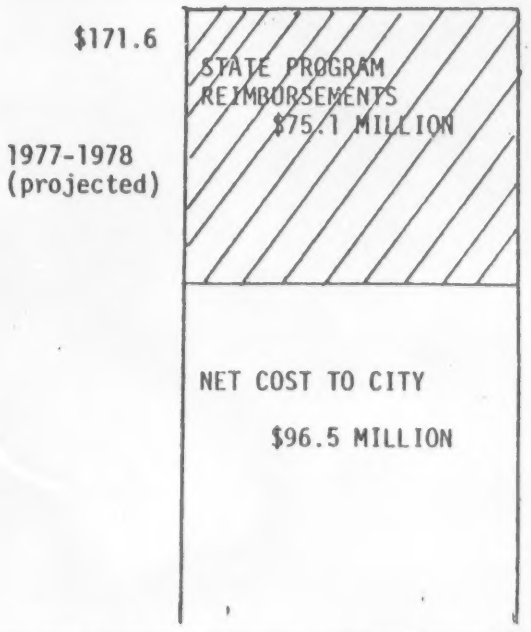


EXHIBIT III

THE SCHOOL COMMITTEE OF THE CITY OF BOSTON

BOSTON PUBLIC SCHOOLS
EDUCATIONAL PLANNING CENTER

JOSEPH F. CAREY
Director

ROBERT L. MURRAY
Associate Director

April 15, 1977

Christine H. Rossell
Assistant Professor
Boston University
Department of Political Science
232 Bay State Road
Boston, Massachusetts 02215

Dear Ms. Rossell:

Your letter of April 4, 1977, regarding budgetary questions has been referred to me by the Superintendent. Your questions appear to cover the entire scope of the budgetary process.

At the outset, I will quote the duties of the Superintendent:

> "The Superintendent shall be the executive officer of School Committee in all matters relating to instruction and discipline in the schools." (Chapter III, Section 55.1 of the Rules and Regulations of the Public Schools of the City of Boston--page 14)

The duties of the Superintendent as written in the Rules and Regulations do not grant any power to the Superintendent pertaining to budget preparation and budget management. These duties come under the authority of the Business Manager. (Chapter VI, Rules and Regulations)

The Boston School System as presently constructed falls under the multiple-control concept. This concept differs from the unit-control concept by having more than one executive officer report directly to the School Committee for the various aspects of operating a school system.

In our organization we have four officers who report directly to the School Committee, i.e., Superintendent, Business Manager, Chief Plant Engineer and the Secretary to the School Committee.

Therefore, with a comprehension of the above I will attempt to answer the following questions received from you.

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Question #1 - What are your formal tasks under the old budget management system?

Answer - According to the Rules and Regulations, the Superintendent had no formal tasks under the old budget management system.

Question # 2 - What are your formal tasks under the new management system?

Answer - The formal tasks of the Superintendent under the new budget management system are detailed in the new Budget Manual approved by the Boston School Committee. (Budget Manual for the Boston Public Schools, p. 31)

Question #3 - What are your informal roles under the old budget management system?

Answer - The informal roles performed by the Superintendent would be assisting the Business Manager in obtaining information for his preparation of the budget.

Question #4 - What are your informal roles under the new budget management system?

Answer - With a new system presently being developed, it is premature at this time to state what the Superintendent's informal roles would be because these usually evolve as the process develops. However, inherent in this process is the possibility that administrators now performing formal roles will change to the informal concept and vice-versa for administrators now performing informal roles.

Question #5 - What reports do you use to make your budget predictions? Are they Management and/or Financial reports?

Answer - The reports used for making the budget predictions were both financial and management - past expenditure reports, annual payroll data information from City Hall, staffing guidelines and needs and objective reports from departments.

This is the first step in the budget process. The second phase of the process will be to generate actual expenditures to budgeted allocation reports on a monthly basis. We anticipate that the commencement of the second phase will be in September, 1977.

Question #6 - Do you feel that the new management tool will mean a significant change in the budgetary procedure?

Answer - This new management tool with all its detail will greatly enhance not only the analysis capability but also present a clearer cost explanation of each cost center for the layman.

I hope that the above information will assist you and your students in a study of the Boston school budget.

Sincerely,

John H. McGrann

John H. McGrann

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Enclosure

FOOTNOTES

1. Boston Globe, 9/12/77, p. 1
2. Boston Municipal Research Bureau, Emergency Task Force on School Costs Reports. (Boston, 1976), p.2
3. Joseph Cronin and Richard Hailer, Organizing an Urban School System for Diversity. (Lexington, Mass., Lexington Books, 1970), p. 1
4. Ibid., p. 23.
5. Boston Municipal Research Bureau, op. cit., p.6
6. Ibid., p. 11.
7. Boston Municipal Research Bureau, Boston's Fiscal Crisis: Origins and Solutions (Boston, 1976), p.16.
8. Ibid., p. 15.
9. David Bernstein, The City's Financial Crisis and the Boston School Department (Boston, 1976), p.3.
10. Boston Municipal Research Bureau, Emergency, p.3.
11. Home Rule Commission, Report 197, The School Committee (Boston, 1970), p.1.
12. Boston Herald American, 12/20/76.
13. Boston Public Schools Budget Management Program: Memo to the school committee (Boston, 1976), p.1.
14. Boston Herald American, 12/21/76.
15. Ibid.
16. Ibid.
17. School committee of City of Boston, Budget Manual for the Boston School System. (Boston, 1976), p.1.
18. Carl Prussing, interviewed by Jeffrey Polinsky (John Hancock Building, Boston, Ma.) Nov. 15, 1977.
19. Home Rule Comm., op. cit., p.1.
20. Ibid., p. 2.
21. In a study of fiscal crises in 51 large cities, Terry Clark found that the proportion of Irish residing in a city was the single greatest socioeconomic predictor of fiscal strain. This is not because the Irish demand more muncipal services. Surveys show they demand no more than any other group. This relationship is due to the fact that the Irish instituted huge patronage

machines around the turn of the century in cities where they predominated. These patronage machines result in overstaffing of municipal employees, the decision to spend rather than cut. Terry N. Clark, "How Many New Yorks?" (unpublished) 1974; Terry N. Clark, "The Irish Ethnic and the Spirit of Patronage," Ethnicity 2, 305-359 (1975).

22. In 1973 Boston's school department made the switch from a system of calendar year accounting to the present system of fiscal year accounting. For this reason there is a gap in Figure 2 between 1972 and FY 1974. In order to make this changeover, the city lengthened the first fiscal year spending period to 18 months. That is why the appropriation for FY 1974 appears so high. In order to eliminate confusion the data for 1974 was not plotted on the line.

23. Mass. Research Center, Education and Enrollment; Boston During Phase II (Boston, 1976), p.3.

24. Ibid., p. 8

25. Bernstein, op. cit., p.1

26. Boston Municipal Research Bureau, Fiscal Crisis, p. 15.

27. Bernstein, op. cit., p.1

28. Boston Herald American, 9/11/76.

29. See page 16, BMRB report Boston's Fiscal Crisis; Origins and Solutions.

30. See page 4, Budget of Boston Public Schools for FY 1978.

31. Boston Herald American, 3/15/77.

32. Ibid., 12/8/76

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6. Boston Herald-American. Articles from 1976-1978

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